

18 October 2022

September 2022 Quarterly Trading Report

XRF Scientific Ltd (“XRF” or “The Company”) provides an update on the September 2022 quarterly financial results (unaudited):

Quarter results for period ended 30 September

	September 2022 Quarter	September 2021 Quarter	Change %
Revenue	\$12.6m	\$9.5m	32%
Profit Before Tax	\$2.4m	\$1.7m	45%

The September 2022 quarter was a strong trading period across all divisions, driven by activity in the mining sector and buoyant demand for capital equipment products.

Consumable sales were positive at \$3.8m during the quarter compared to \$2.6m in the Previous Corresponding Period (PCP). Mining production and exploration sample analysis continued to generate strong demand for our consumable products. The price of lithium production materials has remained high, and as previously indicated is expected to impact our inventory working capital by up to \$2.8m during 1H23. As an additional buffer on working capital, we have recently increased the limit on a short-term inventory financing facility from \$1.5m to \$3.5m, of which \$1.0m is currently used. Following the payment of the final dividend of 2.5 cents per share on 14 October 2022, we retain a strong balance sheet for the future.

We recently released a new consumable product called XR-tab, which are tablets of binding agents for preparing samples as pressed pellets. Being in a tablet form allows for ease of handling, such as in the cement sector, where automated laboratories can be used for production quality control. A number of existing customers prepare samples both as pressed pellets and fused glass discs, with the latter being used when a higher degree of analysis accuracy is required.

Sales of capital equipment products have been increasing and were \$4.0m compared to \$2.5m in the PCP. Our orderbook remains at record levels and currently extends out up to six months for our main product lines. We are making efforts to increase our production output to cater for the increased demand, which is being driven by customers in a broad range of mining commodities and industrial materials. New product developments are progressing steadily, with some limitations due to parts availability and labour resources being allocated into product manufacturing.

Sales of Orbis laboratory crushers continue to increase and the product line achieved revenue of \$1.5m during the quarter. Current sales momentum for Orbis crushers remains strong and is expected to be a driver of growth for the Company in FY23.

Precious Metals sales were \$4.7m during the quarter compared to \$4.5m in the PCP. We continue to experience strong demand from laboratories for labware recycling, as a result of higher sample testing rates. New metal sales are also stronger, as customers acquire platinum labware products for their new machines.

We expect the December 2022 quarter to be a positive period, with high levels of activity occurring in the mining industry and new product developments being progressed.

Please direct any inquiries to:

Vance Stazzonelli
Managing Director

vance.stazzonelli@xrfscientific.com

+61 8 9244 0600

About XRF Scientific:

XRF Scientific Limited is an Australian listed company (ASX: XRF) based in Perth, Western Australia. XRF manufactures equipment and chemicals, which are distributed to production mines, construction material companies and commercial analytical laboratories, in Australia and overseas, and used in the preparation of samples for analysis.

XRF has manufacturing, sales and support facilities located in Perth, Melbourne, Europe and Canada, plus a global network of distributors. The Company has representation in the United States, South America, Africa, the Middle East and Asia and has a customer base that includes multinational blue-chip customers such as:- BHP Billiton, Rio Tinto, Vale, South 32, Glencore, Alcoa, Lafarge, Holcim, ArcelorMittal, CSIRO, Intertek, Bureau Veritas, SGS and ALS.

XRF's technology is used to measure the composition and purity of materials and is mainly applied in industrial quality control and in process control for manufacturing processes in industries such as metals and mining, construction materials, chemicals and petrochemicals.

XRF's products help customers to improve product quality and performance, increase productivity and yield and reduce downtime and waste. Its businesses have established positions in their specialised markets.

Read more about XRF Scientific at: <https://www.xrfscientific.com/general-overview/>