

# Appendix 4D

## Half-Year Report

**XRF Scientific Limited**  
**ABN 80 107 908 314**



**For the Half-Year Ended 31 December 2023**

### Results for announcement to the market

Revenue from ordinary activities	up	6%	to	\$28,624,413	from	\$27,090,693
Earnings before interest and tax (EBIT)	up	10%	to	\$6,310,611	from	\$5,727,983
Profit from ordinary activities after tax	up	16%	to	\$4,628,753	from	\$3,987,987
Net profit attributable to members	up	20%	to	\$4,480,723	from	\$3,738,192

### Dividends (distributions)

	Amount per security	Franked amount per security
Interim dividend – this period	Nil	Nil
Interim dividend – previous corresponding period	Nil	Nil

### Net tangible assets per ordinary share

31 December 2023	31 December 2022
\$	\$
0.25	0.20

### Earnings per share (EPS)

	31 December 2023	31 December 2022
Basic EPS – (cents per share)	3.3	2.8
Diluted EPS – (cents per share)	3.3	2.8
Weighted average of number of ordinary shares	137,484,406	135,587,521

## Commentary on the results for the half-year ended 31 December 2023

XRF Scientific Ltd (“XRF” or “Company” or “Group”) is pleased to report its December 2023 half-year results to shareholders. The Company has generated a record half-year result with revenue of \$28.6m and a 20% increase in Net Profit After Tax to \$4.5m. The half included a record quarterly profit before tax of \$3.4m, which occurred during the December 2023 quarter.

During the half we saw strong levels of activity across the divisions, with the mining industry being the main driver of activity. International sales growth continued in key markets across Europe, Asia and the Americas.

The Board has maintained its policy to pay one dividend per year on profits which will be determined based on the full-year result.

Our balance sheet remains robust with \$8.3m in cash and \$2.9m in debt at 31 December 2023. \$1.3m of debt has been reclassified as short-term, which relates to our Melbourne precious metals factory. We expect to re-negotiate a new loan term closer to the expiry in October 2024.

Operating cash inflow was \$2.2m and impacted by \$1.8m in 1H24 sales that were received as customer deposits during FY23. The value of deposits was atypically high and relates to new precious metals products, which have been strong. Payments for PPE were higher than usual at \$1.1m, with \$0.7m invested during the half to expand production capacity in the Capital Equipment division.

The Consumables division had another strong half, generating a profit before tax of \$2.9m from revenue of \$9.6m. The mining sector remained the key driver of activity, in which our products are consumed for sample testing processes across production and exploration. Product volumes continue to grow into international markets.

Lithium chemicals are a key production input and began reducing in price during the half. As a result, selling prices and production costs are affected, with profit per unit sold remaining steady. This trend is expected to continue in to the second half, which should have a positive impact of reducing working capital requirements.

The Precious Metals division delivered revenue of \$10.4m and a profit before tax of \$1.8m. We experienced high levels of reoccurring orders from mining customers, as increased sample testing requires regular recycling of spent platinum labware products. In addition, a high level of machine orders is driving the sale of significant amounts of new platinum labware products. Economic conditions in Germany were challenging, with the office's revenue and profit before tax down on 2H23 by \$1.2m and \$0.3m. Germany's results are expected to improve in the second half, based on orders currently in hand.

The Capital Equipment division delivered a profit before tax of \$1.7m from revenue of \$9.7m. \$1.1m of Orbis Mining revenue was delayed into the second half, which is expected to be a strong period for the division. Demand for our capital equipment products was very robust during the first half. Our order book is at record levels, with production for some products booked out past 2H24, despite production capacity increasing. The demand is being driven by a mix of mining and industrial customers globally. International sales are growing, with certain countries in Asia demonstrating significant growth. A number of new products are currently under development, which are expected to be released through the course of calendar year 2024.

Included in the result, Orbis Mining generated revenue of \$1.8m (1H23: \$3.3m) and total profit before tax of \$0.4m (1H23: \$0.7m) (50% of PBT allocated to non-controlling interest). International sales are gaining momentum, particularly in the Americas where significant sales have been achieved. The half included the first sale of a crusher system into Brazil to an iron ore mining company.

Following the launch in June 2023, the first xrTGA sales were achieved during the half. The market reaction to the product has been positive, and our aim over the next half is to continue developing important reference customers.

We expect the second half to be a positive period for the Group, and our next trading update will be provided via the March quarter report.

## Compliance statement

1. This report, and the accounts upon which this report is based, have been prepared in accordance with AASB Standards.
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report gives a true and fair view of the matters disclosed.
4. This report is based upon accounts to which one of the following applies:

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

5. The auditor's review report is attached.
6. The entity has a formally constituted audit committee.

Signed:



Date: 19 February 2024

Name:

Vance Stazonelli (Managing Director)



**XRF SCIENTIFIC LIMITED  
ABN 80 107 908 314  
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL STATEMENT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

This interim financial report does not include all the notes of the type normally included in an annual financial statement. Accordingly, this statement is to be read in conjunction with the annual statement for the year ended 30 June 2023 and any public announcements made by XRF Scientific Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## **COMPANY PARTICULARS**

### **BOARD OF DIRECTORS**

Fred Grimwade	(Non-Executive Chairman)
Vance Stazzonelli	(Managing Director)
David Brown	(Non-Executive Director)
David Kiggins	(Non-Executive Director)

### **COMPANY SECRETARIES**

Vance Stazzonelli  
Andrew Watson

### **REGISTERED OFFICE**

XRF Scientific Limited  
86 Guthrie Street  
Osborne Park WA 6017

### **SHARE REGISTRY**

Automic Pty Ltd  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Phone: 1300 288 664

### **AUDITOR**

BDO Audit (WA) Pty Ltd  
Level 9, 5 Spring Street  
Perth WA 6000

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## DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of XRF Scientific Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

### Directors

The names of the directors in office at any time during or since the end of the half year are:

Fred Grimwade (Non-Executive Chairman)  
Vance Stazzonelli (Managing Director)  
David Brown (Non-Executive Director)  
David Kiggins (Non-Executive Director)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

### Review of operations

Please refer to the "Commentary on the results for the half-year ended 31 December 2023" section, which can be found at the start of the Appendix 4D.

### Business segments

#### **Capital Equipment**

Manufactures automated fusion equipment, high temperature test and production furnaces, laboratory jaw crushers and general laboratory equipment.

#### **Precious Metals**

Manufactures products for the laboratory and industrial platinum alloy markets.

#### **Consumables**

Manufactures chemicals and other supplies for analytical laboratories.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

This report is signed in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board by:



**Fred Grimwade**  
Chairman

19 February 2024

## DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF XRF SCIENTIFIC LIMITED

As lead auditor for the review of XRF Scientific Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of XRF Scientific Limited and the entities it controlled during the period.



**Jarrad Prue**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 19 February 2024

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	Half-year	
		31-Dec-23	31-Dec-22
		\$	\$
Revenue from continuing operations	4	28,624,413	27,090,693
Cost of sales		(16,240,806)	(15,797,029)
<b>Gross profit</b>		<b>12,383,607</b>	<b>11,293,664</b>
Other revenues		9,471	41,961
Administration expenses		(5,072,449)	(4,787,475)
Occupancy expenses		(414,800)	(364,121)
Finance costs		(150,808)	(85,727)
Other expenses		(425,528)	(429,962)
<b>Profit before income tax</b>		<b>6,329,493</b>	<b>5,668,340</b>
Income tax expense		(1,700,740)	(1,680,353)
<b>Profit after income tax</b>		<b>4,628,753</b>	<b>3,987,987</b>
(Profit) attributable to non-controlling interest		(148,030)	(249,795)
<b>Profit after income tax attributable to equity holders of XRF Scientific Limited</b>		<b>4,480,723</b>	<b>3,738,192</b>
<b>Other comprehensive income</b>			
<i>Items that will be classified to profit or loss</i>			
Foreign currency translation differences		(148,332)	78,308
<b>Total comprehensive income attributable to equity holders of XRF Scientific Limited</b>		<b>4,332,391</b>	<b>3,816,500</b>
Basic earnings per share (cents per share)		3.3	2.8
Diluted earnings per share (cents per share)		3.3	2.8

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	Consolidated	
		31-Dec-23	30-June-23
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,321,786	10,401,407
Trade and other receivables		8,111,521	8,628,914
Inventories	6	17,667,621	16,879,191
Other assets		665,744	621,647
<b>TOTAL CURRENT ASSETS</b>		<b>34,766,672</b>	<b>36,531,159</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	11,101,518	10,414,766
Intangible assets	8	16,720,582	16,866,428
Deferred tax asset		1,554,289	1,735,265
<b>TOTAL NON-CURRENT ASSETS</b>		<b>29,376,389</b>	<b>29,016,459</b>
<b>TOTAL ASSETS</b>		<b>64,143,061</b>	<b>65,547,618</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,491,919	4,005,753
Provisions	9	2,276,367	2,459,833
Short-term borrowings	9	2,931,983	781,413
Current lease liabilities	10	536,588	603,701
Other current liabilities	11	633,111	2,403,061
Current income tax liability		738,180	1,364,714
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,608,148</b>	<b>11,618,475</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	9	-	1,290,500
Non-current lease liabilities	10	1,601,450	1,638,531
Deferred tax liability		1,184,723	1,303,998
Provisions		124,529	118,447
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,910,702</b>	<b>4,351,476</b>
<b>TOTAL LIABILITIES</b>		<b>13,518,850</b>	<b>15,969,951</b>
<b>NET ASSETS</b>		<b>50,624,211</b>	<b>49,577,667</b>
<b>EQUITY</b>			
Issued capital	12	21,332,823	20,414,399
Non-controlling interest		431,596	323,566
Reserves		2,248,175	2,186,165
Retained profits		26,611,617	26,653,537
<b>TOTAL EQUITY</b>		<b>50,624,211</b>	<b>49,577,667</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Half-year	
	31-Dec-23	31-Dec-22
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	27,184,210	25,004,679
Payments to suppliers and employees (inclusive of GST)	(22,767,905)	(21,182,375)
Interest received	169,690	26,084
Interest paid	(150,808)	(85,727)
Income taxes paid	(2,265,572)	(1,469,661)
<b>Net cash inflow from operating activities</b>	<b>2,169,615</b>	<b>2,293,000</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(1,128,379)	(284,209)
Payments for research and development	(6,264)	(8,634)
<b>Net cash (outflow) from investing activities</b>	<b>(1,134,643)</b>	<b>(292,843)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,554,483	1,566,326
Repayment of borrowings	(694,413)	(1,216,602)
Payment of lease liabilities	(374,117)	(259,391)
Dividends paid	(3,600,546)	(2,678,742)
<b>Net cash (outflow) from financing activities</b>	<b>(3,114,593)</b>	<b>(2,588,409)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>10,401,407</b>	<b>6,649,539</b>
Net (decrease) in cash and cash equivalents	(2,079,621)	(588,252)
<b>Cash and cash equivalents at the end of the financial period</b>	<b>8,321,786</b>	<b>6,061,287</b>

*The above consolidated statement of cash flow should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

**31 DECEMBER 2023**

	Issued Share Capital	Non- Controlling Interest	Share Option Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2023</b>	20,414,399	323,566	759,243	262,660	1,164,262	26,653,537	49,577,667
Profit for the period	-	148,030	-	-	-	4,480,723	4,628,753
Other comprehensive income	-	-	-	-	(148,332)	-	(148,332)
<b>Total comprehensive income for the period</b>	-	148,030	-	-	(148,332)	4,480,723	4,480,421
<b>Transactions with Equity Holders in their capacity as Equity Holders</b>							
Ordinary shares issued, net of transaction costs	918,424	-	-	-	-	-	918,424
Dividends paid	-	(40,000)	-	-	-	(4,522,643)	(4,562,643)
Employee Performance Rights Plan	-	-	-	210,342	-	-	210,342
	918,424	(40,000)	-	210,342	-	(4,522,643)	(3,393,877)
<b>Balance at 31 December 2023</b>	21,332,823	431,596	759,243	473,002	1,015,930	26,611,617	50,624,211

**31 DECEMBER 2022**

	Issued Share Capital	Non- Controlling Interest	Share Option Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Retained Profits	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	19,632,304	(131,653)	759,243	-	723,121	22,365,014	43,348,029
Profit for the period	-	249,795	-	-	-	3,738,192	3,987,987
Other comprehensive income	-	-	-	-	78,308	-	78,308
<b>Total comprehensive income for the period</b>	-	249,795	-	-	78,308	3,738,192	4,066,295
<b>Transactions with Equity Holders in their capacity as Equity Holders</b>							
Ordinary shares issued, net of transaction costs	714,345	-	-	-	-	-	714,345
Dividends paid	-	-	-	-	-	(3,397,304)	(3,397,304)
Employee Performance Rights Plan	-	-	-	137,140	-	-	137,140
	714,345	-	-	137,140	-	(3,397,304)	(2,545,819)
<b>Balance at 31 December 2022</b>	20,346,649	118,142	759,243	137,140	801,429	22,705,902	44,868,505

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

**1. Reporting entity**

XRF Scientific Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial statement of the Company as at and for the six months ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as the “consolidated entity”).

The consolidated annual financial statements of the consolidated entity as at and for the year ended 30 June 2023 are available on the Company’s website at [www.xrfscientific.com](http://www.xrfscientific.com).

**2. Basis of preparation of half-year report**

The consolidated interim financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reports* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by XRF Scientific Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

This consolidated interim financial report was approved by the Board of Directors on 19 February 2024.

**3. Segment information**

AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a uniform manner to which is internally provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director. This is consistent to the approach used in previous periods.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Each operating segment’s results are reviewed regularly by the Managing Director to make decisions about the resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Managing Director monitors segment performance based on profit before income tax expense. Segment results that are reported to the Managing Director include results directly attributable to a segment as well as those allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

The consolidated entity has determined that strategic decision making is facilitated by evaluation of operations on the customer segments of Capital Equipment, Precious Metals and Consumables. For each of the strategic operating segments, the Managing Director reviews internal management reports on a monthly basis.

**Capital Equipment**

Manufactures automated fusion equipment, high temperature test and production furnaces, laboratory jaw crushers and general laboratory equipment.

**Precious Metals**

Manufactures products for the laboratory and industrial platinum alloy markets.

**Consumables**

Manufactures chemicals and other supplies for analytical laboratories.

**3. Segment information (continued)**

Segment information provided to the Managing Director for the half-year ended 31 December 2023 is as follows:

	Capital Equipment	Precious Metals	Consumables	Total
Half-year ended 31 December 2023	\$	\$	\$	\$
Total segment revenue	9,650,600	10,350,414	9,574,213	29,575,227
Inter segment sales	(497,458)	(622,803)	-	(1,120,261)
<b>Revenue from external customers</b>	<b>9,153,142</b>	<b>9,727,611</b>	<b>9,574,213</b>	<b>28,454,966</b>
<b>Profit before income tax expense</b>	<b>1,682,285</b>	<b>1,757,803</b>	<b>2,870,451</b>	<b>6,310,539</b>
Half-year ended 31 December 2022	\$	\$	\$	\$
Total segment revenue	9,196,234	11,333,808	7,727,701	28,257,743
Inter segment sales	(691,146)	(501,969)	-	(1,193,115)
<b>Revenue from external customers</b>	<b>8,505,088</b>	<b>10,831,839</b>	<b>7,727,701</b>	<b>27,064,628</b>
<b>Profit before income tax expense</b>	<b>1,542,313</b>	<b>1,608,655</b>	<b>2,528,810</b>	<b>5,679,778</b>
<b>Segment assets</b>				
At 31 December 2023	16,848,545	19,144,945	20,169,258	56,162,748
At 30 June 2023	14,981,826	21,490,073	20,040,839	56,512,738
<b>Segment liabilities</b>				
At 31 December 2023	4,219,112	4,527,197	2,375,395	11,121,704
At 30 June 2023	4,026,625	6,379,729	1,564,374	11,970,728
			Half-year 31-Dec-23	Half-year 31-Dec-22
			\$	\$
Revenue from external customers – segments			28,454,966	27,064,628
Unallocated revenue (corporate)			169,447	26,065
<b>Revenue from external customers – total</b>			<b>28,624,413</b>	<b>27,090,693</b>
Profit before income tax expense – segments			6,310,539	5,679,778
Eliminations and unallocated (corporate)			18,954	(11,438)
<b>Profit before income tax expense from continuing operations – total</b>			<b>6,329,493</b>	<b>5,668,340</b>
			Half-year 31-Dec-23	Full-year 30-Jun-23
			\$	\$
Total segment assets			56,162,748	56,512,738
Cash and cash equivalents held by parent entity			6,682,274	7,203,957
Deferred tax asset			1,554,289	1,735,265
Other corporate assets and eliminations			(256,250)	95,658
<b>Total assets</b>			<b>64,143,061</b>	<b>65,547,618</b>
Total segment liabilities			11,121,704	11,970,728
Deferred tax liability			1,184,723	1,303,998
Income tax provision			738,180	1,364,714
Trade and other payables			829,184	1,462,890
Other corporate liabilities and eliminations			(354,941)	(132,379)
<b>Total liabilities</b>			<b>13,518,850</b>	<b>15,969,951</b>

**4. Revenue from continuing operations**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from continuing operations</i>		
<i>Revenue from external customers</i>		
Sale of finished goods	27,666,205	26,651,031
Service revenue (non-contract)	605,528	265,696
Service revenue (contract)	182,990	147,882
<b>Total revenue</b>	<b>28,454,723</b>	<b>27,064,609</b>
Interest income	169,690	26,084
<b>Total revenue from continuing operations</b>	<b>28,624,413</b>	<b>27,090,693</b>

The Group derives revenue from external customers from the transfer of goods and services at a point in time and over time in the following major product lines and geographical regions (based on the location of the Group entity preparing the invoice):

	<b>Capital Equipment</b>	<b>Precious Metals</b>	<b>Consumables</b>	<b>Total</b>
<b>Half-year ended 31 December 2023</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australia	6,614,523	6,122,115	8,192,073	20,928,711
Canada	290,337	1,548,058	522,213	2,360,608
Europe	2,248,282	2,057,438	859,927	5,165,647
<b>Revenue from external customers</b>	<b>9,153,142</b>	<b>9,727,611</b>	<b>9,574,213</b>	<b>28,454,966</b>
<b>Half-year ended 31 December 2022</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Australia	6,568,707	4,162,810	6,594,144	17,325,661
Canada	556,503	1,572,461	335,843	2,464,807
Europe	1,379,878	5,096,568	797,714	7,274,160
<b>Revenue from external customers</b>	<b>8,505,088</b>	<b>10,831,839</b>	<b>7,727,701</b>	<b>27,064,628</b>

**5. Profit for the half-year**

Profit for the half-year included the following items that are unusual because of their nature, size, or incidence:

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>\$</b>	<b>\$</b>
Share-based payments expense (included in Administration Expenses) (Note 15)	210,342	137,140

**6. Inventories**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Borrowed precious metals (refer to note 9)	1,359,230	1,517,076
Owned precious metals	4,426,277	5,304,365
Other inventories	11,882,114	10,057,750
<b>Total inventories</b>	<b>17,667,621</b>	<b>16,879,191</b>

**7. Property, plant and equipment**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment	5,387,430	5,170,425
Land and buildings	1,823,217	1,823,217
Property improvements	1,271,991	817,691
Right-of-use assets for leased properties	2,103,187	2,220,560
Office furniture and equipment	151,471	109,848
Motor vehicles	364,222	273,025
<b>Total property, plant and equipment</b>	<b>11,101,518</b>	<b>10,414,766</b>
<i>Opening net book amount</i>	10,414,766	8,663,193
Additions	1,128,378	2,136,118
Movement on right-of-use assets resulting from changes to lease conditions	269,923	625,312
Disposals	(16,061)	(18,600)
Foreign currency adjustment	(18,178)	36,742
Depreciation expense	(677,310)	(1,027,999)
<b>Closing net book amount</b>	<b>11,101,518</b>	<b>10,414,766</b>

**8. Intangible assets**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Goodwill	15,444,961	15,518,467
Product development costs	836,447	859,575
Patents, trademarks and IP	439,174	488,386
<b>Total intangible assets</b>	<b>16,720,582</b>	<b>16,866,428</b>
<i>Opening net book amount</i>	16,866,428	16,949,853
Additions	6,264	24,748
Foreign currency adjustment	(88,486)	68,470
Amortisation expense	(63,624)	(176,643)
<b>Closing net book amount</b>	<b>16,720,582</b>	<b>16,866,428</b>

## 9. Liabilities

The Group has an overdraft facility of \$500,000 as a safeguard on working capital requirements. Additional facilities totaling \$3.7m are utilised for bank guarantees and to fund the importation of certain raw materials. As at 31 December 2023, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total cash flows	Carrying amount of liabilities	
							Current	Non-Current
<b>As at 31 December 2023</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>								
Trade payables	2,495,625	-	-	-	-	2,495,625	2,495,625	-
Property loan <sup>1</sup>	129,887	1,317,529	-	-	-	1,447,416	1,377,500	-
Import loans <sup>2</sup>	1,589,288	-	-	-	-	1,589,288	1,554,483	-
<b>Total non-derivatives</b>	<b>4,214,800</b>	<b>1,317,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,532,329</b>	<b>5,427,608</b>	<b>-</b>

Contractual maturities of financial liabilities	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total cash flows	Carrying amount of liabilities	
							Current	Non-Current
<b>As at 30 June 2023</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>								
Trade payables	3,177,143	-	-	-	-	3,177,143	3,177,143	-
Property loan <sup>1</sup>	131,286	128,560	1,316,693	-	-	1,576,539	174,000	1,290,500
Import loans <sup>2</sup>	624,024	-	-	-	-	624,024	607,413	-
<b>Total non-derivatives</b>	<b>3,932,453</b>	<b>128,560</b>	<b>1,316,693</b>	<b>-</b>	<b>-</b>	<b>5,377,706</b>	<b>3,958,556</b>	<b>1,290,500</b>

<sup>1</sup> Consists of a three-year, interest-bearing loan, initially used to fund the purchase of a property in Melbourne. Principal instalments are paid monthly, plus interest at a rate of 6.46% per annum. As security for the loan facility, the lender holds a registered first mortgage over the acquired property, plus unlimited cross guarantees and indemnities by all subsidiaries within the Group (excluding subsidiaries in Canada, Germany and Orbis Mining Pty Ltd).

<sup>2</sup> Consists of short-term loans (less than 180 days) used to finance the importation of certain raw materials used to produce finished goods. Interest is payable on maturity, at rates between 6.20% and 6.47%.

### Interest-bearing loans

The carrying value of borrowing facilities approximates its fair value, as interest payable is close to market rates.

### Undrawn facilities

The Group's undrawn borrowing facilities were as follows as at 31 December 2023:

	31-Dec-23	30-Jun-23
	\$	\$
Bank overdraft facility	500,000	500,000
Bank guarantee facility (AUD denominated)	2,015	2,015
Import loan facility	1,945,517	2,892,587
<b>Total undrawn facilities</b>	<b>2,447,532</b>	<b>3,394,602</b>

### Current provisions

	31-Dec-23	30-Jun-23
	\$	\$
Provision for platinum loan	1,359,230	1,517,076
Other current provisions	917,137	942,757
<b>Total current provisions</b>	<b>2,276,367</b>	<b>2,459,833</b>

XRF has borrowed (and has title to under a master contract) \$1,359,230 of platinum metal, which is inventoried to facilitate manufacturing processes and reduce lead times. This is funded by a single loan facility, with a term of 3 months. Interest is calculated at market rates and payable at maturity. At maturity, this facility will be renewed for an additional term, or the platinum will be returned. The liability is offset by an inventory asset of \$1,359,230.

**10. Lease liabilities**

In accordance with AASB 16 *Leases*, the following liabilities have been recognised at 31 December 2023:

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Current lease liabilities	536,588	603,701
Non-current lease liabilities	1,601,450	1,638,531
<b>Total lease liabilities</b>	<b>2,138,038</b>	<b>2,242,232</b>

**11. Other current liabilities**

	<b>31-Dec-23</b>	<b>30-Jun-23</b>
	<b>\$</b>	<b>\$</b>
Customer deposits	541,808	2,261,369
Revenue received in advance	91,303	141,692
<b>Total other current liabilities</b>	<b>633,111</b>	<b>2,403,061</b>

**12. Issued capital**

	<b>31-Dec-23</b>	<b>31-Dec-22</b>	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares	138,041,277	136,980,775	21,332,823	20,346,649
<b>Total issued capital</b>	<b>138,041,277</b>	<b>136,980,775</b>	<b>21,332,823</b>	<b>20,346,649</b>

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue Price \$</b>	<b>\$</b>
1-Jul-22	Opening balance	135,892,049		19,632,304
14-Oct-22	Shares issued under dividend reinvestment plan	1,088,726	0.6600	718,559
14-Oct-22	Less: transaction costs			(4,214)
<b>31-Dec-22</b>	<b>Closing balance</b>	<b>136,980,775</b>		<b>20,346,649</b>
1-Jul-23	Opening balance	137,049,775		20,414,399
13-Oct-23	Shares issued under dividend reinvestment plan	991,502	0.9300	922,097
13-Oct-23	Less: transaction costs			(3,673)
<b>31-Dec-23</b>	<b>Closing balance</b>	<b>138,041,277</b>		<b>21,332,823</b>

**13. Dividends**

	<b>Half-year</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Dividends provided for or paid during the half-year on ordinary shares	4,522,643	3,397,304

**14. Contingent assets or liabilities**

The Group is not aware of any material contingent asset or liability for the period ended 31 December 2023.

## 15. Share-based payments

Performance rights (PRs) are granted to employees at the discretion of the Board based on the Performance Rights Plan (Plan) approved by the Board.

The Board may invite eligible employees to participate in the Plan and acquire PRs for no consideration. The PRs vest upon the satisfaction of any applicable vesting conditions, following which the Group will allocate one share per PR. Vesting conditions include total shareholder return, earnings per share growth rates and service periods. Where vesting conditions are not met, the PRs will lapse. Currently active PRs are subject to the following performance conditions:

- **Indexed Total Shareholder Returns**

Total Shareholder Return (TSR) measures the growth in the Group's share price together with the value of dividends during the period. When calculating the Group's TSR, its share price at the beginning and end of the performance period will be calculated as a one-month VWAP (i.e. July in year 1 and June in year 3). The percentage of PRs out of this tranche that vest will be determined by reference to the relative TSR of the Group achieved over the three-year performance period, compared to the TSR of the S&P/ASX Small Ordinaries Accumulation Index (ASOAI), as follows:

Performance against the relevant condition(s)	Quantum of Performance Rights subject to performance conditions that vest (%)
<b>Less than index TSR</b> Below 100% of the proportionate change in the ASOAI index over the relevant performance period	Nil
<b>Equal to index TSR</b> At 100% of the proportionate change in the ASOAI index over the relevant performance period	50%
<b>Greater than index TSR</b> Between 100% and 120% of the proportionate change in the ASOAI index over the relevant performance period	Pro-rata between 50% and 100%

Threshold vesting of this tranche of the PRs occurs where the Company's TSR equals the S&P/ASX Small Ordinaries Accumulation Index TSR over the performance period. For the whole tranche of PRs to vest, the Company's TSR must exceed the TSR of the S&P/ASX Small Ordinaries Index over the performance period by 20 per cent.

- **Earnings Per Share Compound Annual Growth Rate**

Earnings per share (EPS) is based on the consolidated statutory net profit after tax of the Group, in proportion to the total number of shares issued. The Board retains the sole discretion to include or exclude certain one-off items, to ensure the statutory profit is a true reflection of the trading results. The percentage of PRs out of this tranche that vest will be determined by reference to the EPS compound annual growth rate (CAGR), as follows:

EPS compound annual growth rate (EPS CAGR)	Percentage of EPS-tested rights vesting
<10%	Nil
10%	50%
Between 10% - 20%	Pro-rata between 50% and 100%
> = 20%	100%

The difference in EPS between year 1 and year 4 is the basis of the EPS CAGR calculation. For example:

- An EPS CAGR of 10% equates to a 33.1% increase in EPS between year 0 and year 3
- An EPS CAGR of 20% equates to a 72.8% increase in EPS between year 0 and year 3

- **Service Period**

The percentage of performance rights out of this tranche that vest, if any, will be determined after the employee has remained continuously employed by the Group for the duration of the performance period.

**15. Share-based payments (continued)**

At 31 December 2023, a total of 2,191,663 PRs have been granted to employees. The key details of each currently active Plan are summarised in the table below:

Plan	Grant date	Performance period	Performance conditions	Value per PR	Number of PRs issued	Percentage vested	Vesting period
2022 (MD)	11/11/22	01/07/22 to 30/06/25	TSR	\$0.5240	201,251	To be determined	August 2025
			EPS	\$0.7200	201,251		
2022 (Executives)	11/11/22	01/07/22 to 30/06/25	TSR	\$0.5240	410,888	To be determined	August 2025
			EPS	\$0.7200	287,892		
			Service period	\$0.7200	122,996		
2022 (Key Staff)	11/11/22	01/07/22 to 30/06/25	Service period	\$0.7200	280,000	To be determined	August 2025
2023 (MD)	13/11/23	01/07/23 to 30/06/26	TSR	\$0.5638	214,634	To be determined	August 2026
2023 (Executives)	13/11/23	01/07/23 to 30/06/26	TSR	\$0.5638	472,751	To be determined	August 2026

The fair value of PRs is expensed proportionally over the vesting period. For the half-year ended 31 December 2023, the Group has recognised \$210,342 of share-based payment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The fair value of the PRs granted during the half-year ended 31 December 2023 was determined using the Monte Carlo calculation methods, with the following key assumptions:

Assumption	Value
Underlying security spot price	\$1.02
Exercise price	Nil
Valuation date	13 November 2023
Commencement of performance period	1 July 2023
Performance measurement date	30 June 2026
Performance period (years)	3.00
Remaining performance period (years)	2.63
Volatility of XRF	40.5%
Volatility of the index	13.2%
Risk-free rate	4.3%
Dividend yield	3.2%
Valuation per PR	\$0.5638

On 31 October 2023, the Group received approval from shareholders to issue 214,634 PRs to the Managing Director, Vance Stazzonelli. On 13 November 2023, 687,385 PRs were issued to employees (including the shareholder-approved number issued to the Managing Director).

**16. Related party transactions**

On 13 November 2023, performance rights were issued to a group of employees which included key management personnel (Note 15). There were no other significant related party transactions which differ in nature to those disclosed at 30 June 2023.

**17. Contingencies and commitments**

There were no significant changes to commitments, contingencies and contractual obligations disclosed at 30 June 2023.

**18. Events occurring after the reporting date**

There have been no events subsequent to the reporting date which have significantly affected or may significantly affect the XRF Scientific Limited operations, results or state of affairs in future years.

**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. the financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act, 2001* including:
  - (a) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that XRF Scientific Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors, and signed on behalf of the Board by:



**Fred Grimwade**  
Chairman

Dated this 19<sup>th</sup> day of February 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of XRF Scientific Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of XRF Scientific Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**

**Director**

Perth, 19 February 2024