

22 November 2024

## **XRF Acquires Labfit**

XRF Scientific Ltd ("XRF" or "The Company") is pleased to advise that it has entered into a binding but conditional Share Purchase Agreement ("Agreement") to acquire 100% of the shares in Labfit Pty Ltd ("Labfit").

The Agreement is conditional on the satisfaction or waiver by 13 February 2025 (or such other date which is agreed) of various conditions precedent. Material conditions precedent include the Company being satisfied with its due diligence enquiries in relation to Labfit and various third-party approvals being obtained.

Labfit is a manufacturer of Carbon Sulphur Analysers, pH Analysers and laboratory weighing systems. Carbon Sulphur Analysers perform elemental analysis of Carbon and Sulphur in samples for mining and industrial production applications. pH Analysers are used to determine how acidic, neutral or alkaline samples are. They can be used to test samples such as drinking water or soils for agriculture, for productivity, quality control or safety purposes. A further outline of Labfit's core products and their applications are outlined in the attached slide.

The business is currently based in Bayswater, Western Australia, and post Completion will become fully integrated into our existing capital equipment factory in Balcatta, Western Australia.

For FY23 and FY24 Labfit produced average unaudited revenue of \$1.5m and profit before tax of \$0.2m. The business currently has a blue-chip customer base of commercial laboratories, miners and industrial producers.

### **Key Acquisition Benefits**

- A low risk, bolt-on acquisition with highly complementary products
- Labfit's revenue and profits have the potential to grow strongly with the addition of XRF's distribution network, manufacturing capacity and technical resources
- Labfit has significant addressable markets and will expand XRF's product portfolio into existing markets such as gold mining, copper mining and cement manufacturing
- Further diversification of revenue into the water, beverage, environmental and agricultural sectors

## Acquisition Price of 100% Shareholding

- Upfront consideration totalling **\$1,160,000** for the Labfit shares. **\$846,000** is attributed to the value of the business and **\$314,000** for a net property asset owned by Labfit (\$550,000 property value less \$236,000 in debt). 15% of the total consideration is in XRF shares, which will be calculated on a 10-day Volume Weighted Average Price ending three business days prior to settlement and will be issued using XRF's available placement capacity under ASX Listing Rule 7.1. The cash consideration will be funded from XRF's cash reserves.
- The acquisition is subject to the conditions precedent mentioned above and provided all conditions are satisfied, the sale is expected to settle by 20 December 2024.

## Earnout

The Earnout will be based on Labfit's revenue and calculated as follows:

Labfit's Revenue for the 12-month period commencing 3 months after Completion	Amount payable if target reached
At least \$1,400,000	\$60,000
At least \$1,500,000	\$60,000
At least \$1,600,000	\$60,000
At least \$1,700,000	\$60,000
At least \$1,800,000	\$60,000
Total potentially payable	<b>\$300,000</b>

Any amounts payable under the Earnout will be in cash and are expected to be paid within 50 business days following the completion of the 12-month revenue calculation period.

Please direct any inquiries to:

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## 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/>

# Labfit Products

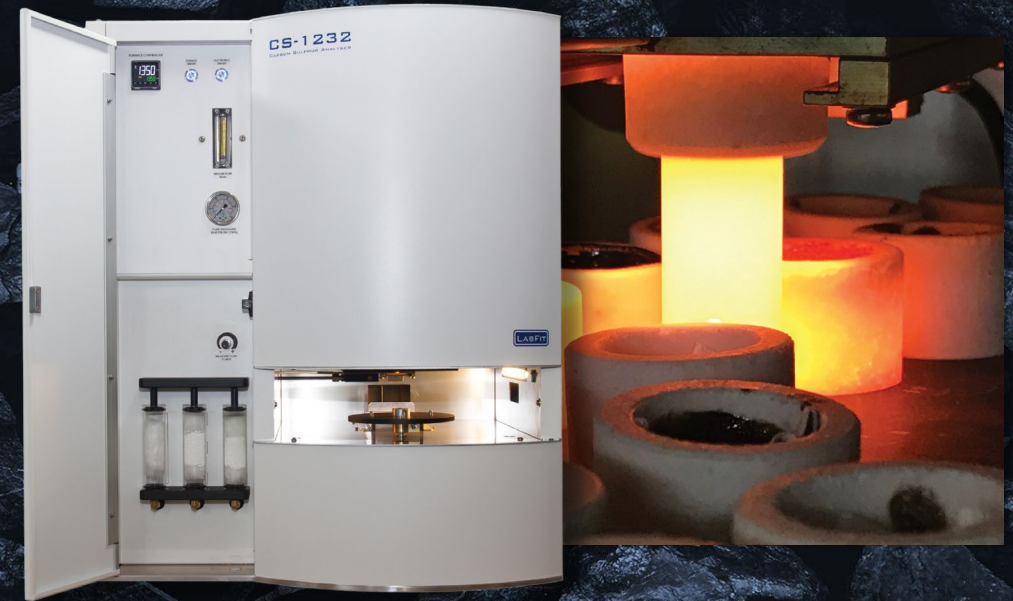
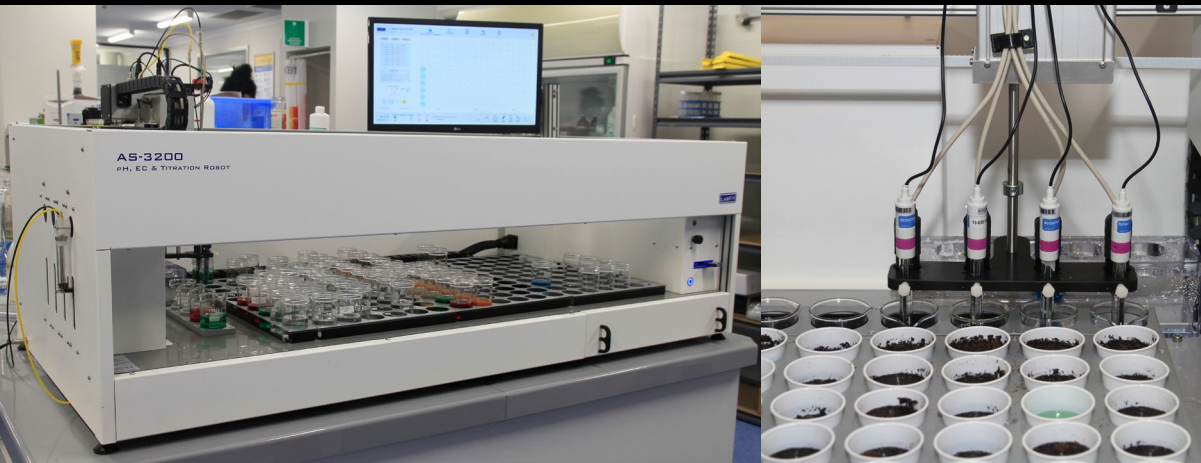
Analytical Instruments

## AS Series pH and EC Robots

Used for pH and electrical conductivity testing in liquid and solid samples.

Testing application examples:

- Soil and environmental
- Beverages (beer, wine)
- Drinking water
- Water purification processes
- Waste water treatment plants



## CS1232 Carbon Sulphur Analyser

Used for elemental analysis of carbon and sulphur in samples.

Testing application examples:

- Mining: gold, copper, bauxite, graphite
- Thermal and coking coal (mining, power plants, steel plants)
- Cement plants
- Agricultural soils and plants