

25 August 2020

XRF announces strong full-year result

XRF Scientific Ltd (“XRF” or “The Company”) today announced its results for the June 2020 full-year:

Key Highlights

- Sales Revenue of **\$29.1m**
- Statutory Net Profit After Tax up **46%** to **\$3.1m** from \$2.1m
- Adjusted Profit Before Tax* up **33%** to **\$4.2m** from \$3.2m
- Adjusted June Quarter Profit Before Tax* of **\$945k**
- Fully franked final dividend of **1.4** cents per share
- Debt reduced to **\$0.9m** from \$2.3m
- Net cash position of **\$2.7m** up from \$1.0m

*After adding back/deducting items related to COVID-19 and early repayment of debt. A full break-down of these items is available in the Annual Report.

XRF’s Managing Director, Vance Stazzonelli, commented on the full-year result:

“The increase in profit is a result of positive market conditions through the majority of the year and continual optimisation of business operations and costs. There was growth in sample preparation products in newer geographical markets, as well as the platinum markets being developed in Europe. The mining industry remained strong throughout the whole year, with sales driven by both exploration and production.

Our factories have continued to remain open, as have all international offices, albeit with some adjustments to working arrangements to keep our employees safe. The majority of our customers have remained in operation and we continue to see strength from the mining industry, particularly in Australia. We experienced a slowdown in some markets during the June quarter, in countries where strict lock down measures were imposed, in the regions of South Africa, Latin America, Europe and parts of Asia.

The Consumables division had an excellent year with revenue increasing by 11% to \$8.9m and profits before tax increasing by 18% to \$2.54m. Conditions were particularly buoyant in the mining sector across both exploration and production activities. The vast majority of customers from the division continued to operate throughout the COVID-19 pandemic, and positive conditions have continued into FY21.

The Capital Equipment division delivered a profit before tax of \$583k compared to \$625k in the prior year. Sales conditions were positive in the first nine months of the year and slowed in the last quarter, as customers reduced their capex due to economic uncertainty. In July we saw a significant pick up of orders, and the order book is now back at above-average levels, as a result of demand from the mining sector.

The Precious Metals division increased profits by 50% to \$1.4m from revenue of \$13.2m. The result was driven by positive market conditions and new sales being developed by the office in Germany. \$3.04m in revenue was recorded by the Germany office compared to \$2.82m in the prior year. Conditions were slower in Europe during the June quarter for platinum products, however the start of FY21 has seen an improvement.

XRF retains a strong balance sheet which has been further enhanced through the year. Our cash at bank position was \$3.6m at 30 June 2020 compared to \$3.2m at 30 June 2019. Debt was reduced in the last quarter of the year and was \$0.9m at 30 June 2020 compared to \$2.3m at 30 June 2019. The majority of this retired debt related to equipment loans. Operating cash flow generated was \$4.2m compared to \$3.9m in the prior year."

Dividend

The Board has declared a final fully franked dividend of 1.4 cents per share which is up by 40% on last year. This represents a payout ratio of 60%. The dividend reinvestment plan is available for the first time should shareholders elect to participate. Given the global uncertainty due to COVID-19, the Board decided to take a conservative position on dividend payouts. This also provides cash reserves for growth and potential investment opportunities, whether they be organic or acquisitions.

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 Australia, 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/>