

ASX Announcement

18 April 2023

SciDev delivers \$1.7m in EBITDA and strong margin improvement

SciDev Ltd (ASX: SDV) ('**SciDev**' or '**the Company**') is pleased to provide an update on its financial and operational performance for the quarter ended 31 March 2023 (Q3 FY23).

Highlights

Q3 FY23 Financial Highlights

- Revenue of A\$21.1m (+60% vs pcip) and cash receipts of A\$20.4m
- Positive cashflow from operations of A\$0.5m and unaudited underlying EBITDA of A\$1.7m
- Improved gross profit margin of 28%
- Cash and cash equivalents at 31 March 2023 were A\$7.7m with A\$6.6m in inventory

YTD FY23 Financial Highlights

- Year to date FY23 revenue was A\$70.7m with unaudited underlying EBITDA of A\$4.2m
- Positive operating cash flow YTD of A\$2.8m

Q3 FY23 Operational Highlights

- Blue-Chip operator in the Eagleford Shale has approved and is utilising SciDev's proprietary emulsion technology providing material performance benefits
- Successful remediation of several per- and poly-fluoroalkyl (PFAS) contaminated sites, treating impacted water to below detectable levels. SciDev were operational on five PFAS treatment projects during the period generating A\$2.0m in revenue
- Executed and commenced a three-year contract with Iluka Resources Limited, with an expected contract value of A\$14.0m, to deliver MaxiFlox® chemistry to the Cataby Mineral Sands Mine
- Renewal of existing contract with Iluka Resources Limited, with an expected contract value of A\$14.0m over three years, to deliver MaxiFlox® chemistry to the Jacinth-Ambrosia operation
- Awarded a three-year contract agreement to support tailings management at a major coking coal operation in Bowen Basin
- Contract awarded for the Design & Construct of two drinking water plants for the Queensland Government.

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SciDev CEO, Seán Halpin, addressing performance for Q3 FY23, said, "SciDev continues to grow the footprint of our water technologies and chemical services businesses with major clients across a range of industries both here in Australia and in international markets. Whilst our underlying revenue remains consistent with the first half of FY23, revenue was down slightly on the prior quarter due to the reduction in one-off chemical sales we saw in the year's first half. However, we anticipate revenue from three major new contracts - Iluka Cataby, New Chum, and Sydney Metro West - to deliver meaningful revenue uplift from the June quarter onwards. Importantly, we delivered another quarter of positive cash flow and EBITDA, highlighting our team's dedication and focus to deliver improved returns. With an expanding customer base, growing regulatory tailwinds, a deep sales pipeline and a robust balance sheet, SciDev is well positioned for continued growth and delivering sustainable returns for our shareholders".

Financial Performance

SciDev delivered Revenue of A\$21.1m (+60% vs pcip) and cash receipts of A\$20.4m. Whilst underlying revenue was up considerably on pcip, and remains consistent with the first half of the year, it was down slightly on the prior quarter due to a reduction in one-off chemical sales. Recently signed contracts, including Iluka Cataby & the PFAS treatment plants in Queensland and New South Wales, will begin contributing to revenue from the June quarter.

Quarterly positive cash flow from operations was A\$0.5m, marking the fifth consecutive quarter of positive cash flow. Of the A\$6.6m of net cash draw down year to date, A\$5.3m is for payments related to the Haldon acquisition. In addition, the business has invested A\$3.1m on plant & equipment mainly for build, own, operate contracts in the Water business unit.

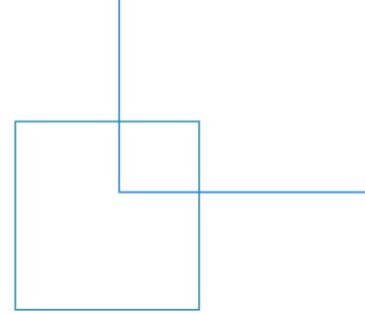
Unaudited underlying EBITDA of for the quarter was A\$1.7m with strong improvement in gross profit from chemical sales.

SciDev maintained a robust balance sheet with cash and cash equivalents of A\$7.7m at 31 March 2023, with A\$6.6m in inventory.

Payments to Directors and their associates for the quarter (A\$76K) include fees paid to Non-Executive Directors.

Table 1: Revenue by vertical (unaudited)

Sector	Q3 FY22 (A\$m)	Q2 FY23 (A\$m)	Q3 FY23 (A\$m)	% Change (vs PCP)
Mining & Construction	3.0	5.2	5.1	70
Energy Services	4.1	16.3	13.0	217
Water Treatment	6.1	2.4	3.0	-51
Total	13.2	23.9	21.1	60



Operational Performance

Energy Services

SciDev continues innovating and delivering a range of chemistry solutions to our clients that improve operational efficiency and reduce their water footprint. During the period SciDev operated across five Oil & Gas basins in the US, supporting multiple well-completion fleets, generating A\$13.0m revenue. Revenue was down on the December quarter due to lower activity levels as a result of seasonality and the holiday period, however SciDev continues to increase products per well and expand our operational footprint in the USA.

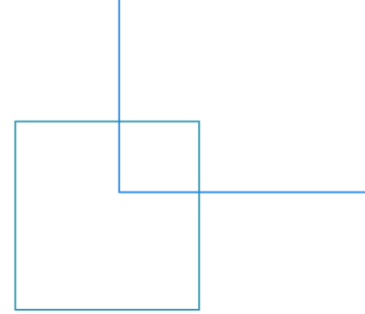
Key Q3 FY23 operational and development highlights include:

- Continued supply of SciDev's proprietary suspension polymer technology, Xslik 620, to a major US E&P company
- Following a successful field trial, a Blue-Chip operator in the Eagleford Shale in South Texas has approved and is utilising SciDev's proprietary emulsion technology providing material performance benefits
- Received an initial purchase order from a drilling fluids company in South America for the supply of SciDev's proprietary polymers following successful product qualification
- Research and development efforts focused on developing a cement fluid loss additive for use in the cementing phase of well-completion. Developments such as this will increase the number of products per site and our ability to deliver a broader range of services to our clients
- Targeted supply chain initiatives successfully reduced raw material costs for SciDev's CatChek technology, which will positively impact gross margins from Q4 FY23.

Mining & Construction

SciDev continued to deliver chemistry and technology for major clients, such as Iluka, Yancoal, Glencore, Indemitsu and Peabody Energy. Key activity and development work during the period included:

- Award and commencement of a three-year contract with Iluka Resources Limited – Cataby Operations for the delivery of MaxiFlox chemistry with an estimated contract value of A\$14.0 million. Revenue is anticipated to ramp up over the June quarter. SciDev and Iluka continue to discuss opportunities at further sites.
- Renewal of existing contract with Iluka Resources Limited, with an expected contract value of A\$14.0m over three years, to deliver MaxiFlox® chemistry to the Jacinth-Ambrosia operation.
- Received an initial purchase order for our MaxiFlox® chemistry following a successful field trial with a major nickel producer in Western Australia. The purchase order covers the short-term supply of the product while a fixed-term supply contract is negotiated.



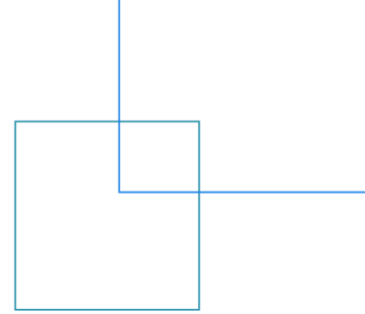
- Awarded a three-year contract agreement for the supply of Maxiflox chemistry at a major coking coal operation in Bowen Basin following successful field trial and competitive tender process.
- Extension of supply trials at a large coal mine in the southern Bowen Basin for a second six-month supply contract.
- Successful execution of lab-based technical program for a major gold producer in Central America, resulting in client qualification with plan to progress to field trial stage.
- Contracted technical services and support for a water treatment plant at a major Rare Earths producer, expanding SciDev's presence on site.

Water Technologies

During the period, the Water Technologies business continued expanding its operations in Australia, executing several new contracts across the PFAS and broader water treatment industries.

Key highlights from the period include:

- Completion of offsite construction and mobilisation of a Build Own Operate (BOO) PFAS treatment system following the execution of the recently signed contract with Cleanaway Waste Management to treat PFAS-impacted leachate. Revenue from the contract, which has a minimum value of A\$2.15m with material upside potential, will be recognised from June quarter when treatment works commence.
- Contract awarded the Design & Construction of two drinking water plants for the Queensland Government.
- Completed a Build Own Operate Water Treatment Plant project for Comdain/Service Stream targeting total solid separation removal and pH correction.
- Completed offsite construction mobilisation and commission works the BOO water treatment plant to treat nutrient and PFAS-impacted wastewater on the Sydney Metro West project for the Acciona Ferrovia Joint Venture (AFJV). The contract has a headline value of A\$1.7m, which will be recognised over the next 18 months.
- Successful remediation of several PFAS-contaminated sites, treating impacted water to below detectable levels. SciDev were operational on five PFAS treatment projects during the period generating A\$2.0m in revenue.
- Post Quarter SciDev appointed a Vice President – Europe for Water Technologies. This role will be responsible for implementing strategic initiatives to drive the growth of our Water Technologies vertical in the European market.



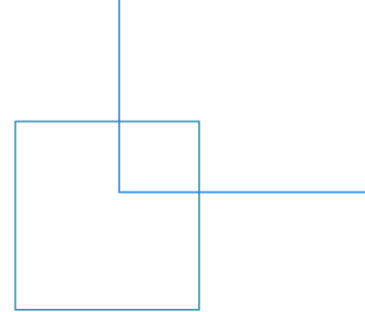
Outlook

SciDev's focus for the remainder of FY23 will include:

- Ongoing focus on the health and safety of all our employees
- Leveraging the extensive sales pipeline in the water treatment sector and converting opportunities into contracts
- Continue to establish a presence in Europe and North America with an aim to deliver full-scale PFAS treatment technology into these regions.
- Advancement of potential activity in the North American construction industry
- Continued execution of business development opportunities in the global mining and resources sector

Focus on margin expansion and reducing the working capital employed.

This announcement is authorised by the Board of SciDev Limited.



Investor Webinar

Date and Time: Tuesday 18 April at 2.00pm AEST

Please note that SciDev will use the Zoom video webinar facility for the call. Participants will need to register their participation to join the call.

Please Register in advance to participate:

https://us02web.zoom.us/webinar/register/WN_VHA520D8S5GE0xpZjlwWIQ

For Further Information

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About SciDev

SciDev is a leader in environmental solutions focused on water-intensive industries. Our solutions allow clients to reuse water, improve operational efficiencies and reduce their environmental footprints. We deliver world-leading chemistry and water treatment technology with end-to-end support from our specialist scientists and engineers.

SciDev works with clients across a range of industries, including Mining, Oil & Gas, Construction & Infrastructure and Water Treatment.