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Companies Announcements Office  
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## Record Quarterly Revenue Delivers EBITDA of A\$1.7m

SciDev Ltd (ASX: SDV) ('SciDev' or 'the Company') is pleased to provide an update on its financial and operational performance for the quarter ended 30 September 2022 (Q1 FY23).

### Q1 FY23 Financial Highlights

- Record revenue of A\$25.6m (+40% on pcp) and record cash receipts of A\$23.6m (+24% on pcp)
- Improved quarterly EBITDA result of A\$1.7m
- Gross profit margin of 23%
- Breakeven cashflow from operations with cashflow impacted by working capital movements, primarily in Energy Services, as SciDev engages directly with Tier-1 drilling companies
- Strong balance sheet with cash and cash equivalents of A\$12.4m at 30 September 2022, with a further A\$6.4m in inventory.

### Q1 FY23 Operational Highlights

- Energy Services sales increased 26% vs Q4 FY22, driven by new client wins, elevated drilling activity and increased proportion of speciality chemistry sales
- Received an initial purchase order to supply an international exploration and production (E&P) company with our innovative co-polymer chemistry for use in North America, Saudi Arabia and Argentina
- A \$2.7m sale of MaxiFlox® chemistry to a major Mining Services company in the USA, all revenue was recognised in the September quarter
- SciDev secured a major works contract for a Tier-1 construction company to manage and treat contaminated groundwater at a residential development site in Sydney, NSW
- SciDev was operational on seven (7) per and poly-fluoroalkyl substance (PFAS) treatment projects during the quarter generating A\$2.5m in revenue.
- SciDev consolidated and relocated multiple offices and operational sites into new headquarters in Seven Hills, NSW. Research & Development activity and commercial chemistry production at the Seven Hills site is anticipated to commence in 2H FY23.

SciDev Interim CEO, Seán Halpin, addressing quarterly performance, said, "The continued improvement in our financial performance reflects the ongoing adoption of our key chemistries and technologies as well as the growing diversity and scale of our client base. The strong EBITDA accompanying this record quarterly revenue is exceptionally pleasing. As the business grows, we will continue focusing on our working capital cycle, ensuring profitable growth is matched with sustainable cashflow generation.

"Our water business delivered a strong quarter demonstrating the ongoing acceptance of our PFAS technology. During the period, we treated PFAS-contaminated water on seven sites for clients across various industries and continue to engage with multiple blue-chip mining and infrastructure companies to provide sustainable solutions for their PFAS challenges.

"In mining, our Maxiflox technology continues to deliver process efficiencies for our clients while reducing their waste footprints. This, along with the roll-out of our high actives suspension technology, has resulted in several new orders and contracts as our momentum continues to build in this space.

"Energy Services continues to benefit from the strong oil price, and we continue to extend our client base in this market. Notably, we are seeing increased demand from Tier-1 drilling and E&P companies for our range of speciality chemistries which we expect will continue to drive baseline growth even when oil prices and activity levels normalise.

"With a strong balance sheet, growing client base and deep pipeline of projects, SciDev is well positioned to deliver growth and lasting returns for shareholders."

## Financial Performance

SciDev delivered record revenues during Q1 FY23 of A\$25.6m (+40% on pcp) along with record cash receipts of A\$23.6m (+24% on pcp).

The record quarterly revenue generated A\$1.7m of EBITDA for the quarter (total FY22 underlying EBITDA of \$2.1m). The growing EBITDA level reflects both the leverage and the increasing scale in our business.

Q1 FY23 gross profit margin of 23%, driven by an increased proportion of revenue from chemistry sales from Mining and Energy Services.

The Company reported a breakeven cashflow from operations. Operating cashflow was negatively impacted by extended credit terms granted in the quarter to a new Tier 1 E&P Energy Services client. The working capital impacts, if normalised, would have improved cashflow from operations during the quarter by approximately \$2.0m.

SciDev retained a strong capital position with cash and cash equivalents of A\$12.4m at 30 September 2022.

*Figure 1: Revenue by vertical (unaudited)*

Sector	Q1 FY22 A\$m	Q4 FY22 A\$m	Q1 FY23 A\$m	% Change vs PCP
Mining & Mineral Processing	3.4	2.7	6.7	148
Energy Services	4.0	11.7	14.7	26
Construction & Infrastructure	-	0.1	0.1	-
Water Treatment	2.9	3.8	4.1	8
<b>Total</b>	<b>10.4</b>	<b>18.3</b>	<b>25.6</b>	<b>40</b>

## Operational Performance

### Energy Services

SciDev continues to innovate and deliver chemistry solutions to our clients that improve operational efficiency and reduce their wastewater footprint. During the period, SciDev operated across five major USA Oil and Gas basins, supporting 25 oilwell completion fleets and generating a record quarterly revenue of A\$14.7m. Sales volumes continue to be positively impacted by increased market activity driven by strong oil prices.

The business continues to build a greater proportion of higher margin speciality chemistry sales in the revenue mix, delivering a steady increase in gross profit margin.

Key Q1FY23 operational and development highlights include:

- Continued supply of SciDev's proprietary suspension polymer technology, Xslik 620, to a major E&P company operating in Oklahoma, USA. The initial contract has expanded to a second location, generating additional revenue in 2H FY23
- Received an initial purchase order to supply an international E&P company with our innovative MaxiFlox® co-polymer chemistry for use in North America, Saudi Arabia and Argentina. The contract has an initial value of A\$1.8m
- SciDev's SmartVIS technology was successfully field trailed on-site with an E&P company in North America. Initial results were positive, indicating a doubling of oil production while controlling flow back water. Trials remain ongoing with the client at a second location
- Further development and successful field trial of CatChek 300, our next generation of CatChek technology. SciDev's CatChek technology is a proprietary shale stabiliser that inhibits pyrite oxidation and fine migration in oil wells improving well decline curves and lifecycles.

### Mining & Construction

SciDev continued to deliver chemistry and technology for our major Australian clients, such as Iluka, Yancoal, Glencore, Indemitsu and Peabody Energy. In the USA, SciDev supplied product to a major Mining Services company.

Key activity and development work during the quarter included:

- Commenced a trial of MaxiFlox® chemistry for a major nickel producer in Western Australia. The trial has been highly successful to date, increasing process efficiencies
- A one-off A\$2.7m contract for the supply MaxiFlox® chemistry to a major Mining Services company in the USA. All revenue was recognised in the September Quarter
- Awarded a three-year contract agreement with a mineral sands producer for the delivery of MaxiFlox® chemistry and services to support operations at their mine in Western Australia
- Awarded a two-year contract extension with Société Le Nickel (SLN) to continue supply of our MaxiFlox® to two operational mines in New Caledonia
- Our innovative suspension chemistry was successfully field trialled at a NSW Coal Mine, resulting in an initial purchase order for the bulk supply of the product.
- Our expanding chemical portfolio has been well received by existing and potential clients, with trial orders, for our MaxiFlox® chemistry and new high-actives suspension technology.

Business development activities in the global infrastructure and construction sector continue, focusing on tunnel boring opportunities in the USA, Asia and Europe.

### Water Treatment

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

SciDev had seven (7) PFAS treatment projects operational throughout the quarter generating A\$2.5m in revenue. These projects consisted of two (2) Design & Construct projects and five (5) Build Own Operate projects.

SciDev further expanded its water treatment activity during the period with key contracts, including:

- Awarded an Operation and Maintenance contract for 98 remote water quality monitoring units across multiple mines in WA
- Secured a major works contract for a Tier 1 construction company to manage and treat contaminated groundwater at a residential development site in Sydney, NSW.

### **Corporate**

SciDev consolidated and relocated multiple offices and operational sites into new headquarters in Seven Hills, NSW. Research & Development activity and commercial chemistry production at the Seven Hills site is anticipated to commence in 2H FY23.

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

### **Outlook**

SciDev's focus for FY23 will include:

- Ongoing focus on the health and safety of all our employees
- Leveraging the extensive pipeline in the water treatment sector and converting opportunities into contracts
- Continue to establish a presence across Europe and North America with an aim to deliver full-scale PFAS treatment technology within FY23
- Grow sales of our speciality chemistry in the USA oil and gas industry and increase both the number of sites we are present on as well as the number of solutions per site
- Target key mining clients within the existing SciDev client base to further develop our water treatment presence and deliver an end-to-end service within the industry
- Focus on minimising working capital employed
- Drive a positive culture across the organisation and increase the level of integration within our business to take advantage of the substantial cross-sell opportunities across our client base.

## Investor Webinar

Date and time: 27 October 2022 at 2pm (ADST / Sydney time).

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\\_4sbV8ECmTWGehHBX5Uh3vQ](https://us02web.zoom.us/webinar/register/WN_4sbV8ECmTWGehHBX5Uh3vQ)

Seán Halpin  
Interim Chief Executive Officer

This release has been approved by the Board of Directors of SciDev Limited.

### For Further Information:

#### Corporate

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#### Investors

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### About SciDev

*SciDev is a leader in the environmental solutions market focused on water intensive industries. SciDev brings together world-class technology, chemistry and application to solve pressing operational and environmental issues for the water, oil and gas, mining and construction markets.*

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Name of entity</b>		
SciDev Limitd		
<b>ABN</b>		<b>Quarter ended ("current quarter")</b>
25 001 150 849		30 September 2022

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	23,651	23,651
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(20,765)	(20,765)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(2,837)	(2,837)
	(f) administration and corporate costs	-	-
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(38)	(38)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>11</b>	<b>11</b>

<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(920)	(920)
	(d) investments	-	-
	(e) intellectual property	(31)	(31)
	(f) other non-current assets	(380)	(380)

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,331)</b>	<b>(1,331)</b>

<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	187	187
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(630)	(630)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(443)</b>	<b>(443)</b>

<b>4</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	14,064	14,064
4.2	Net cash from / (used in) operating activities (item 1.9 above)	11	11
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,331)	(1,331)

**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(443)	(443)
4.5	Effect of movement in exchange rates on cash held	125	125
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>12,426</b>	<b>12,426</b>

<b>5</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	12,426	14,064
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,426</b>	<b>14,064</b>

<b>6</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	76
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amount included in 6.1 comprises fees paid to Non-executive Directors.



**Appendix 4C**  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>7</b>	<b>Financing facilities</b> Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	2,197	2,197
7.2	Credit standby arrangements	-	-
7.3	Other - invoice purchase facilities	6,000	-
7.4	<b>Total financing facilities</b>	<b>8,197</b>	<b>2,197</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>6,000</b>
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<b>Secured</b>	%	Maturity date
			Facility amount \$A'000
	Apricity Finance Group (Australia) (Invoice purchase facility)	21.00%	31/12/2022
	Haldon Industries Pty Limited (Australia) (Equipment purchase facility)	18.00%	30/06/2023
	Finance leases (motor vehicles)	6.00%	within 4 years
			<b>8,197</b>
	<b>Unsecured</b>		
			<b>8,197</b>

<b>8</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	11
8.2	Cash and cash equivalents at quarter end (Item 4.6)	12,426
8.3	Unused finance facilities available at quarter end (Item 7.5)	6,000
8.4	Total available funding (Item 8.2 + Item 8.3)	18,426
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>-</b>
8.6	If Item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

26-Oct-22

Date: .....

Anna Hooper - Chief Financial Officer

Authorised by: .....

(Name of body or officer authorising release – see note 4)

**Notes**

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.