



Unit 1  
8 Turbo Road  
Kings Park NSW 2148 Australia  
ABN 25 001 150 849

Email: [projects@SciDev.com.au](mailto:projects@SciDev.com.au)  
Website: [www.SciDev.com.au](http://www.SciDev.com.au)  
ASX code: SDV

Companies Announcements Office  
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## SciDev delivers A\$2.3m in operating cashflow

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 December 2022 (Q2 FY23).

### Q2 FY23 Financial Highlights

- Revenue of A\$23.9m (+74% on pcip) and cash receipts of A\$25.1m (+157% on pcip)
- Cashflow from operations of A\$2.3m and unaudited underlying EBITDA of A\$0.9m
- Gross profit margin of 25%
- Cash and cash equivalents of A\$9.0m at 31 December 2022, and A\$5.0m in inventory

### 1H FY23 Financial Highlights

- 1H FY22 unaudited revenue of A\$49.5m (+105% vs pcip)
- Unaudited and underlying EBITDA of A\$2.6m

### Q2 FY23 Operational Highlights

- Continued to expand customer footprint in Energy Services including an increased number of speciality chemistry product sales per well
- Secured a contract with Cleanaway, with a minimum contract value of A\$2.15m, to deploy a Build Own Operate (BOO) water treatment plant (WTP) to treat PFAS-impacted leachate
- SciDev had seven operational PFAS treatment projects during the quarter generating A\$2m in revenue
- Continued to expand our highly skilled staff with key hires across our technical and sales teams to fast track delivery of our growing sales pipeline
- Post quarter end, SciDev signed a three-year contract with Iluka Resources, with an expected contract value of A\$14.0m to deliver MaxiFlox® chemistry to the Cataby Mineral Sands Mine

SciDev CEO, Seán Halpin, addressing quarterly performance, said, "It was exceptionally pleasing to deliver another quarter of strong financial and operational performance. Importantly, we delivered positive cashflow during the quarter, highlighting the ability of our business to grow in a manner that will deliver ongoing returns to our shareholders.

"During the period, we treated PFAS-contaminated water on seven sites for clients across various industries and we continue to engage with multiple blue-chip mining and infrastructure companies to provide sustainable solutions for PFAS. We have and continue to secure a number of new build on operate contracts over recent quarters and remain actively engaged in the construction and deployment of our water treatment technology. Due to the nature of these project, revenue will only be recognised when the technology is on site and as such we expect to deliver meaningful growth in our Water Treatment revenue over the remainder of FY23.

"In our Chemistry business the combination of increased activity as a result of the strong oil price and growing customer base delivered another positive quarter of growth. The continued strength of the underlying global resources sector presents strong growth opportunities for SciDev and we remain actively engaged with a number of tier-one clients as we look to deliver future growth opportunities

"We remain well capitalised to execute on our deep pipeline of projects and are positioned to deliver sustainable returns for shareholders."

## Financial Performance

SciDev delivered revenues of A\$23.9m (+74% on pcp) during Q2 FY23 along with record cash receipts of A\$25.1m (+157% on pcp).

Cashflow from operations of A\$2.3m, is an improvement on the previous quarter and reflects a normalisation in our working capital cycle. During the period, SciDev made a payment of A\$3.62m associated with the acquisition of Haldon Industries (ref ASX release 29 March 2021). The final earnout payment is due in FY24.

EBITDA for the quarter of A\$0.9m, was below 1QFY23 levels. The quarter-on-quarter result was significantly impacted by the movement of USD relative to the AUD, affecting both recognition of US profits and translation of the US balance sheet.

SciDev maintained a robust balance sheet with cash and cash equivalents of A\$9.0m at 31 December 2022, with a further A\$5.0m in inventory.

*Figure 1: Revenue by vertical (unaudited)*

Sector	Q2 FY22 A\$m	Q1 FY23 A\$m	Q2 FY23 A\$m	% Change vs PCP
Mining & Construction	2.8	6.7	5.2	86%
Energy Services	8.0	14.7	16.3	104%
Water Treatment	2.9	4.1	2.4	-17%
<b>Total</b>	<b>13.7</b>	25.6	<b>23.9</b>	<b>74%</b>

## Operational Performance

### Energy Services

SciDev continues to innovative and deliver a range of chemistry solutions to our clients that improve operational efficiency and reduce their wastewater footprint. During the period SciDev operated across multiple US Oil & Gas basins supporting a number of well completion fleets, generating quarterly revenue of A\$16.3m. We are continuing to expand the number of speciality chemistry products per well as customers continue to recognise the performance and environmental benefits of our products.

Key Q2FY23 operational and development highlights include:

- Continued supply of SciDev's proprietary suspension polymer technology, Xslik 620, to a major USA E&P company
- Blue Chip operator in the EagleFord Shale in South Texas has approved and are utilizing AmberSlik lubricant technology
- Post successful field trials conducted the September quarter with a major E&P customer, SmartVis is being considered by a second customer in the Permian Basin in West Texas. SmartVis helps decrease wastewater volumes during the re-completion phase of well development
- Cationic suspension technology is being trialled in high Total Dissolved Solids source waters in the Haynesville Shale in North Louisiana.

### Mining & Construction

SciDev continued to deliver chemistry and technology for our major clients such as Iluka, Yancoal, Glencore, Indemitsu and Peabody Energy.

Key activity and development work during the quarter included:

- Post quarter end, Iluka Resources- Cataby awarded a three-year contract Operations for the delivery of MaxiFlox chemistry and services with the estimated contract value of A\$14.0 million
- Finalised a trial of MaxiFlox® chemistry for a major nickel producer in Western Australia. The trial has been highly successful, increasing process efficiencies
- Successful trials at a large coal mine in southern Bowen Basin resulting in an initial six-month supply contract. The account also delivers opportunities in other on-site tailings management project activities
- Invited to execute test programs at two major gold and copper producers in Central America
- First supply of new innovative MaxiFlox® suspension technology to a key client in Bowen Basin
- Our expanding chemical portfolio continues to be positively received by existing and potential clients, with trial orders for our new high-actives suspension technology developing.

In addition, the team continues to pursue opportunities in the construction space with a key commercial proposal issued for a major tunnelling project in US as well as consultancy support to pipeline projects in Australia.

### 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. Revenue for Q2 FY23 was lower than the prior quarter due to decreased chemistry sales to water customers.

SciDev continues to work on the construction of several previously announced BOO and D&C contracts. Revenue associated with these contracts will be recognised in future quarters when the equipment is deployed to site. Contracts signed during the period include:

- A contract with Cleanaway to deploy a BOO WTP in Queensland to treat PFAS-impacted leachate. The contract has a minimum value of A\$2.15m with material upside potential. The minimum contract value is based on a fixed volume threshold of leachate to be treated. The upside to the contract value will be recognised as volumes of leachate in excess of this threshold.
- Executed a contract to provide a BOO WTP to treat nutrient and PFAS impacted wastewater on the Sydney Metro West – Central Tunnelling Works for the Acciona Ferrovial Joint Venture (AFJV) on the Sydney

Olympic Park project. The contract has a total value of A\$1.7m and will be delivered over the next 18 months.

- Signed a 12-month extension for the O&M of an existing PFAS WTP with a major tier one mining client. To date this treatment plant has treated in excess of 650MLitres to trace levels of detection of <0.0002ug/L
- Executed Design & Construct contracts with QLD Dept of Energy and Public Works for the delivery of two packaged drinking water treatment plants. The contracts have a combined value of \$505k and will be delivered within Q3 FY23.

## **Corporate**

Sean Halpin was appointed Chief Executive Officer on 11 November 2022. Seán had been serving as Interim CEO since April 2022. Seán was the Co-Founder and Commercial Director of Haldon Industries Pty Ltd (Haldon), which SciDev acquired in May 2021.

Payments to Directors and their associates for the quarter (A\$78K) include fees paid to Non-Executive Directors.

## **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 during FY23
- 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

## **Investor Webinar**

Date and time: 25 January 11.00am (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\\_65IOryHMSFq-7emHQ5AD5A](https://us02web.zoom.us/webinar/register/WN_65IOryHMSFq-7emHQ5AD5A)

Seán Halpin  
Chief Executive Officer

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

**For Further Information:****Corporate**

Anna Hooper – Chief Financial Officer  
Heath Roberts – Company Secretary  
(+61) 2 9622 5185

**Investors**

Craig Sainsbury – Automic Markets  
[craig.sainsbury@automicgroup.com.au](mailto:craig.sainsbury@automicgroup.com.au)  
(+61) 428 550 499

**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.*