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Companies Announcements Office
Australian Stock Exchange

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Record Quarterly Revenue delivers A\$2.6m 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 30 June 2022 (Q4 FY22).

Q4FY22 Financial Highlights

- Record revenue of A\$18.2m (+38% on pcp) and record cash receipts of A\$19.0m (+39% on pcp)
- Positive operating cashflow of A\$2.6m driven by increased revenue and working capital improvement
- Gross profit margin of 25%, lower than Q3FY22 as forecast, but up on previous quarters driven by increased revenue from speciality chemistry sales and build own operate water treatment projects
- Strong balance sheet with cash and cash equivalents of A\$14.0m on 30 June 2022 with a further A\$7.3m in inventory.

FY22 Financial Highlights

- FY22 unaudited revenue of A\$55.4m (+30% on FY21)
- Unaudited and underlying EBITDA¹ of A\$2.0m.

Q4FY22 Operational Highlights

- Energy Services chemical sales increased 185% vs Q3FY22 driven by elevated drilling activity, increased proportion of speciality chemistry sales and new customer wins
- Trial order to the value of A\$2.0m received from major Nickel producer in Australia
- Awarded a contract for the design, construct, and operation of a permanent PFAS treatment plant for a major mining client in Western Australia with a total contract value of over A\$2.0m
- An A\$1.1m purchase order by a Tier 1 mining company in Western Australia for the design, fabrication and installation of 27 custom water quality monitoring units
- A further 4 PFAS treatment plants were mobilised to customers across NSW and Queensland to treat PFAS contaminated surface water.

¹ Unaudited underlying EBITDA is prior to any earn-out payments or lease arrangements associated with the acquisition of Haldon Industries

Addressing quarterly performance SciDev Interim CEO, Seán Halpin said “It’s exceptionally pleasing to deliver a record revenue and cashflow quarter which reflects the breadth and diversity of the solutions SciDev provide to our customers. Importantly, we continued to expand our client base during the quarter, securing several new contracts, which will ensure our growth momentum continues in FY23. The strength in the oil price and elevated drilling activity seen since early 2022 translated into exceptionally strong performance from our Energy Services division over the period. We continue to gain exposure to more onshore oil fields and are well positioned to take advantage of the recently improved industry conditions. Our PFAS technology, which has been in commercial operation in Australia for several years, is gaining increasing acceptance across the Australian market and we have engaged with a number of blue-chip mining and infrastructure companies to help solve PFAS issues. Our ability to improve cashflow generation across FY22 reflects our focus on ensuring our growth is profitable while delivering long lasting returns for shareholders.”

Financial Performance

SciDev delivered record revenues during Q4FY22 of A\$18.2m (+38% on pcp) along with record cash receipts of A\$19.0m (+39% on pcp). The improved revenue performance for the quarter and an improvement in working capital delivered an operating cashflow inflow of A\$2.6m for the period. Operating cashflow has improved consistently over the year reflecting the improved scale and sustainability of our business.

As forecast, the gross profit margin of 25% for the quarter was lower than Q3FY22, but up on previous quarters driven by increased proportion of revenue from speciality chemistry sales and build own operate projects.

Figure 1: Revenue by vertical (unaudited)

Sector	Q1 FY22 A\$m	Q2 FY22 A\$m	Q3 FY22 A\$m	Q4 FY22 A\$m	FY2022 Total
Mining & Mineral Processing	3.4	2.8	2.9	2.7	11.8
Energy Services	4.0	8.0	4.1	11.7	27.8
Construction & Infrastructure	-	-	0.1	0.1	0.2
Water Treatment	2.9	2.9	6.1	3.7	15.6
Total	10.3	13.7	13.2	18.2	55.4

Operational Performance

Energy Services

SciDev continues to deliver innovative, in-house developed products, to our clients that improve their operational efficiency and reduce their wastewater footprint. SciDev currently supports over 20 oilwell completion fleets across the US oil and gas industry.

Activity and revenue levels in the June quarter were positively impacted by high oil prices. Sales increased 185% vs the Q3FY22 driven by elevated drilling activity and new customer wins. The business continues to build a greater volume of higher margin speciality chemistry sales. SciDev future sales and customer activity levels will continue to be influenced by the broader market conditions.

Gross margin for the Energy Services business improved through a combination of a higher sales of speciality chemistry, improved logistics management and further supply chain efficiencies.

Key Q4FY22 operational and development highlights include:

- Awarded supply of SciDev's proprietary suspension polymer technology, XSlik 620, for a series of wells for a major E&P company. These works generated revenue of A\$0.8m in June. Supply will continue through to December 2022
- Sales of our Catchek technology, which improves well efficiency, delivered A\$3.1m for the quarter as the Company continued to attract new customers across the US shale industry.
- SciDev has secured a field trial with an existing CatChek customer to trial our High-VIS friction reducer which can reduce water usage required for well completion by up to 50%. The trial will commence in Q1FY23.
- SciDev developed a new cationic emulsion friction reducer for application in a recycled water completion fluid system. The product was successfully field trailed with a Tier 1 E&P company and an initial purchase order for the product is expected to generate up to A\$2.0m in Q1 FY23.

Mining & Construction

Revenue from Mining & Construction was slightly down on prior quarter due to timing of consumption of SciDev chemistry across mine sites. Key customer activity and development work during the quarter included:

- Trial order to the value of A\$2.0m received from major Nickel producer in Australia. The field trial is anticipated to last up to 3 months and revenue from the trial anticipated to be recognised in Q1FY23
- First fill executed at greenfield coal mine in Queensland with three-year contract under negotiation
- Purchase order received for consultancy services to assist with tailings management optimisation at major coal producer in Queensland
- SciDev continues to receive significant customer interest in our suspension chemistry with a number of field trials beginning in Q1FY23.

Water Treatment

During the quarter Water Services continued to expand its operations in Australia with the execution of several new contracts across the PFAS treatment and broader water treatment industries.

SciDev has delivered 12 PFAS treatment and remediation projects across Australia generating over A\$9.5m in revenue in FY22. Key new contracts secured in the PFAS sector during the quarter include:

- Awarded a contract for the design, construction and operation of a permanent PFAS treatment plant for a major mining client in Western Australia with a total contract value of over A\$2.0m
- In June SciDev rapidly responded to a request from a major Australian infrastructure and construction company to provide a mobile PFAS treatment plant to support construction works on site in New South Wales. The delivery of the plant is the first engagement with the customer for PFAS treatment
- A further 3 PFAS treatment plants were mobilised in the quarter to customers across New South Wales and Queensland to treat PFAS contaminated surface water prior to discharge to the environment
- The Company has received interest from parties in Europe and North America for the utilisation of our PFAS treatment technology and we continue to explore these international opportunities.

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

- An A\$1.1m purchase order by a Tier 1 mining company in Western Australia for the design, fabrication and installation of 27 custom water quality monitoring units. The water quality monitoring units will be deployed across sites to remotely monitor a range of water quality parameters. Revenue will be recognised across FY23
- SciDev was issued a variation to an existing Leachate Treatment Plant on a major infrastructure project. The variation includes a Build Own Operate (BOO) scope of works to remove suspended solids, heavy metals and nutrients from ground & surface water onsite. The variation works will run in parallel with existing O&M works onsite and will generate an additional A\$1.4m in revenue through to the end of calendar 2023.

Corporate

Seán Halpin was appointed Interim CEO following the resignation of Lewis Utting.

Payments to Directors and their associates for the quarter (A\$434K) includes fees paid to the Managing Director/CEO and Non-Executive Directors.

Outlook

SciDev's focus for FY23 will include:

- Ongoing focus on the health and safety of all our employees and contractors
- Leveraging the extensive business development pipeline in the water treatment sector and converting opportunities into contracts
- Establish a presence in Europe and North America with the aim of delivering full scale PFAS treatment technology within FY23
- Continue to increase sales of our speciality chemistry in the US oil and gas industry increasing not only the number of sites but also the number of solutions per site
- Target key mining clients within the existing SciDev customer base to further develop our water treatment presence and deliver an end-to-end service within the industry
- Optimise the inventory position to ensure reliability of supply to customers whilst maintaining focus on effective working capital management
- Drive a positive culture across the organisation and increase the level of integration within our business to take advantage of the strong cross sell opportunities across our client base.

Investor Webinar

Date and time: Tuesday 26 July 2022 at 2:00pm (AEST / Sydney time).

Please note that SciDev will be using the Zoom video webinar facility for the call. Participants will need to register your participation to join the call.

Please register in advance to participate:

https://us02web.zoom.us/webinar/register/WN_-cHiQqIEQq2jN4ZK9ix4Bw

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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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.

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

Name of entity	
SciDev Limited	
ABN	Quarter ended ("current quarter")
25 001 150 849	30 June 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	19,067	54,976
1.2	Payments for		
	(a) research and development		-
	(b) product manufacturing and operating costs	(13,539)	(47,565)
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(2,850)	(9,652)
	(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	(44)	(227)
1.6	Income taxes paid		-
1.7	Government grants and tax incentives		1,163
1.8	Other (provide details if material)		-
1.9	Net cash from / (used in) operating activities	2,634	(1,305)

2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		-
	(b) businesses		(4,115)
	(c) property, plant and equipment	(583)	(2,382)
	(d) investments		-
	(e) intellectual property	(44)	(141)
	(f) other non-current assets		(110)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		-
	(b) businesses		-
	(c) property, plant and equipment	93	98
	(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)		-
2.6	Net cash from / (used in) investing activities	(534)	(6,650)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	26	18,420
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		(954)
3.5	Proceeds from borrowings		-
3.6	Repayment of borrowings	(676)	(2,478)
3.7	Transaction costs related to loans and borrowings		-
3.8	Dividends paid		-
3.9	Other (provide details if material)		-
3.10	Net cash from / (used in) financing activities	(650)	14,988
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,593	7,010
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,634	(1,305)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(534)	(6,650)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(650)	14,988
4.5	Effect of movement in exchange rates on cash held	21	21
4.6	Cash and cash equivalents at end of quarter	14,064	14,064

5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,064	12,593
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,064	12,593

6	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	434
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 and remuneration for the Managing Director.

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

7	Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,648	2,648
7.2	Credit standby arrangements	-	-
7.3	Other - invoice purchase facilities	6,005	-
7.4	Total financing facilities	8,653	2,648
7.5	Unused financing facilities available at quarter end		6,005
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.		
	Secured	%	Maturity date
	Gulf Coast Bank (Texas USA) (Invoice purchase facility (facility USD 1.5million))	4.25%	10/09/2022
	Apricity Finance Group (Australia) (Invoice purchase facility)	21.00%	30/09/2022
	Haldon Industries Pty Limited (Australia) (Equipment purchase facility)	18.00%	30/06/2023
	Finance leases (motor vehicles)	6.00%	within 4 years
			231
			8,653
	Unsecured		
			8,653

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	2,634
8.2	Cash and cash equivalents at quarter end (Item 4.6)	14,064
8.3	Unused finance facilities available at quarter end (Item 7.5)	6,005
8.4	Total available funding (Item 8.2 + Item 8.3)	20,069
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	-
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:	

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

Date: 25 July 2022

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.