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Companies Announcements Office
Australian Stock Exchange

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SciDev delivers \$1.8m EBITDA and strong margin expansion

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 2022 (Q3FY22).

Financial Highlights

- Quarterly EBITDA of A\$1.8m (unaudited)
- Q3 FY22 revenue of A\$13.1m with cash receipts of A\$13.7m
- Gross profit margin of 44%, an improvement on the 22% in the prior period as the Company benefited from high-margin, one-off revenue generated by the exceptional rainfall across the Eastern Seaboard of Australia in March.
- SDV remains focussed on driving sustainable margin improvement as the Company's business mix continues to transition to higher-margin environmental solutions.
- Operating cashflow outflow of A\$2.6m due to the timing impacts of payments made to build inventory to reduce supply chain risk and the timing of cash receipts from the strong revenue in March. The working capital trend is expected to reverse in Q4 FY22.
- Cash and cash equivalents of A\$12.6m at 31 March 2022 with a further A\$5.8m in inventory.

Commercial and Operational Highlights in Q3

- **Water Treatment:** Strong quarter result driven by the growth in the underlying core services, which was amplified by the significant levels of rainfall throughout the Eastern Seaboard in March. SciDev's revenue model in the Water Treatment vertical is more heavily geared to processing levels than other verticals.

The Company continues to drive its exposure to the rapidly growing global PFAS problem with SciDev active on nine sites during the quarter. SciDev technology has delivered more than 15 full-scale per- and poly-fluoroalkyl (PFAS) projects in the past six years. Our water treatment plants can remove all detectible PFAS compounds to below the lowest possible commercially available laboratory limits of reporting, significantly ahead of our competitors.

- **Mining & Mineral Processing:** Continued execution against contracts with major Australian and international mining companies with SciDev active on over 20 mine sites globally. Revenue from mining was \$2.9m versus the previous quarter of \$2.8m, reflecting a 5% increase.
- **Oil & Gas:** Revenue of A\$4.1m, whilst down 49% versus an exceptional result in Q2 FY22, was a solid result for the vertical. The Company continued to deliver on transitioning the business model towards higher-margin speciality chemistry provided directly to the exploration and production companies. Therefore, whilst revenue declined quarter on quarter, margins in the vertical improved. The Company continues to focus on strengthening customer relationships and developing a foundation for high-margin sustainable revenue growth.

The Company is engaging with a range of international energy companies on SciDev's CatChek technology, which improves well efficiency. CatChek technology is currently being evaluated across multiple wells and geographic basins.

- **Infrastructure and construction:** Business development activities in the global infrastructure sector continue, with focus on tunnel boring opportunities in the USA, Asia and Europe.
- Payments to Directors and their associates for the quarter (\$200K) includes fees paid to Non-Executive Directors and remuneration to the Managing Director/CEO.

Figure 1: Revenue by vertical (unaudited)

Sector	Q1 FY22 A\$m	Q2 FY22 A\$m	Q3 FY22 A\$m	% of Q3FY22 Revenue
Mining & Mineral Processing	\$2.9	\$2.8	\$2.9	22%
Oil & Gas	\$4.9	\$8.0	\$4.1	31%
Construction & Infrastructure	\$3.1	-	\$0.1	1%
Water Treatment	\$0.3	\$2.9	\$6.1	46%
Total	\$11.2	\$13.7	\$13.2	

During the quarter, the Company delivered a net operating cash outflow of A\$2.6m. The reduction in cashflow through the period was a result of:

- Timing of working capital payments to build inventory
- Increase in debtors associated with elevated March sales in the Water Treatment vertical
- Timing of cash receipts from revenue associated with the strong activity levels in March. SciDev typically works on a 60-90 day cash conversion cycle.

Figure 2: Cashflow

A\$m	Balance at 31/12/21	Balance at 31/3/22	Movement
Increase in Debtors	9.8	10.3	-0.5
Increase in Inventory	5.3	5.8	-0.5
Decrease in Creditors	11.8	8.4	-3.5
Net working capital movement			-4.5
EBITDA			1.9
Net Operating Cashflow			-2.6

Outlook

Management focus for FY22 will include:

- Reversal of the working capital cycle that existed in Q3 FY22 to drive a positive cashflow period for the June quarter and maximising operating cashflow for FY22 and maintaining positive EBITDA for the year.
- Growth of the water treatment business focusing on solving clients' complex water treatment needs reducing contaminants to levels acceptable for drinking water or discharge to the environment in line with the most stringent guidelines.
- Driving SciDev's position as a technology and solution provider in the growing PFAS market.
- Continue to explore and develop new green chemistry initiatives to displace traditional oil-based chemistries.
- Taking advantage of the strong trading conditions in the Oil & Gas vertical with increased volumes to existing customers and conversion of opportunities with new customers of our patented technology.
- Ongoing focus on the health and safety of all our employees.
- Maintain inventory position to ensure reliability of supply and insulate the Company from supply chain risks.
- Expanding our property footprint to accommodate growth in the Australia based business.

Anna Hooper
Chief Financial 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	31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	13,704	35,909
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(13,861)	(34,026)
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs	(2,390)	(6,802)
	(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	(54)	(183)
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	(2,601)	(3,939)

2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		(4,115)
	(c) property, plant and equipment	(510)	(1,799)
	(d) investments		
	(e) intellectual property	(38)	(97)
	(f) other non-current assets	(62)	(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 (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	5	5
	(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	(605)	(6,116)
3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6	18,394
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	(608)	(1,802)
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	(602)	15,638
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,409	7,010
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,601)	(3,939)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(605)	(6,116)

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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 (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(602)	15,638
4.5	Effect of movement in exchange rates on cash held	(8)	-
4.6	Cash and cash equivalents at end of quarter	12,593	12,593

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	12,593	16,409
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)	12,593	16,409

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	200
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	3,177	3,177
7.2	Credit standby arrangements		
7.3	Other - invoice purchase facilities	6,005	
7.4	Total financing facilities	9,182	3,177
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%	30/06/2022
	Haldon Industries Pty Limited (Australia) (Equipment purchase facility)	18.00%	30/06/2023
	Finance leases (motor vehicles)	6.00%	within 4 years
			180
			9,182
	Unsecured		
			9,182
	* Evergreen facility, on 1 January 2022 3 month roll to 31March 2022		

8	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,601)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	12,593
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)	18,598
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	7.2
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.

Date: 29/04/2022

Authorised by: Anna Hooper CFO

 (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.

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