



SCIDEV

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Companies Announcements
Australian Stock Exchange

2021 AGM Chairman's Address

Dear SciDev Shareholders

The last financial year, FY21, has been a pivotal year for the Company with revenues more than doubling to \$42.5m and the Company posting an after-tax profit of \$3.4m. Credit for this excellent result must go to Lewis and the management team as well as the outgoing Chairman, Trevor Jones, who retired at the end of FY21 after 13 years in the role. Trevor played a crucial role in the Company's development and I'd like to take this opportunity, on behalf of the Board, to thank him for his hard work.

SciDev is a Company with a lot of potential and it's an honour to join the Board as Chairman at such an exciting time in the Company's development.

As mentioned over the last 12 months, SciDev has seen some impressive growth securing several major new contracts.

These wins should be seen in context. We won't win every contract we tender for. We often compete against large commodity-based companies, who will often use their pricing power to maintain their sales volumes. Shareholders can rest assured that SciDev is only interested in making profitable sales and the good news is we are winning more often than not and the potential sales pipeline has been expanding.

In addition to organic growth, the Company has also grown through a number of strategic acquisitions which have strengthened our market position. During the last financial year, the Company acquired the Haldon business which is now fully integrated and has been performing above expectations. To this end we will continue to keep an eye out for further strategic acquisitions if they make sense.

As shareholders will be aware we recently performed a successful institutional placement and have

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announced an SPP to raise a total of \$20m. The purpose of this capital raising was to provide the Company with enough strategic flexibility to execute on its growth ambitions. The capital raised will be used in three ways:

- Firstly, the consolidation and expansion of our Australian manufacturing facilities and a laboratory upgrade. Many of you will be aware shipping and supply chain constraints have been impacting all sorts of businesses including ours. Expanding our local manufacturing capability will help ease these pressures and give us more flexibility and control over our supply chain. An increased production capacity will also allow us to supply the increased volumes required larger customers.
- Secondly, in relation to our recent acquisition of Haldon, management achieved 120% of its FY21 EBITDA target which is a fabulous result and as such the vendors are entitled to an increased earnout payment.
- Thirdly, SciDev is also funding R&D into new green chemistry initiatives looking to displace oil-based chemistries. This is a particularly exciting opportunity given the global market for chemistry in the oil and gas sector is around \$11bn annually.

In addition to these initiatives, as we build on the success of the business, we need a robust balance sheet to fund the associated inventory as some of the contracts we are bidding on are quite large. We're also building inventory ahead of the Chinese New Year and Australian holiday season in order to prevent any supply chain disruptions.

The board decided the existing cash balance was too restrictive and that the capital raise was necessary to provide us with a solid foundation and the flexibility to execute our growth ambitions.

We are now well positioned for the future.

SciDev's environmental solutions allow our clients to recycle and reuse water, reduce waste footprints, minimise costs and improve operational efficiencies. In the current environment with a greater focus on sustainability the Company has an exciting opportunity to grow globally.

Lewis Utting, our very capable Managing Director & CEO, has surrounded himself with some exceptionally skilled senior executives. When you combine this expertise and their energy, the potential market size and increasing environmental issues associated with water, I believe we have a great opportunity to build a global environmental services company.

With considerable scope to expand our current operational footprint across our four key verticals, and with new green chemistry on the horizon I look forward to being a part of the exciting future your Company has ahead of it.

Vaughan Busby
Chairman

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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