

# ASX Announcement

25 October 2023

## Sixth positive cashflow quarter and growing water treatment order book

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 2023 (Q1 FY24).

### Q1 FY24 Financial Highlights<sup>1</sup>

- ▶ Revenue of A\$21.6m (-16% vs PCP but +13% on Q4 FY23) and cash receipts of A\$19.3m. The reduction in revenue versus the PCP was primarily due to the impact of the lower natural gas price on market activity in the US Oil and Gas sector
- ▶ Positive cashflow from operations of A\$1.2m and underlying EBITDA of A\$0.7m
- ▶ Gross profit margin of 25% - in line with prior quarters
- ▶ Cash and cash equivalents at 30 September 2023 of A\$8m with A\$8.2m in inventory.

### Q1 FY24 Operational Highlights

- ▶ Awarded A\$4.6m Design and Construct contract with Acciona Construction Australia Pty Ltd for two water treatment plants in Sydney, NSW, to support the construction of the Western Harbour Tunnel
- ▶ Secured a two-year contract at the Thunderbird Minerals Sands Project, which is expected to generate approximately A\$7.0m in sales over the period
- ▶ Successful commissioning and start-up support to John Holland Group for a tunnelling project in Australia for the supply of SciDev's MaxiFlox<sup>®</sup> chemistry
- ▶ Completed a six-well field trial with a blue-chip operator in the Permian Basin, with SciDev chemistry subsequently adopted for ongoing operations
- ▶ Secured purchase order from a blue-chip mining client in Western Australia for the supply and support of multiple Water Quality Monitoring Systems into five operational mine sites
- ▶ SciDev's FlouroFIX<sup>™</sup> PFAS treatment technology was utilised on seven PFAS remediation projects through the quarter, generating A\$2.9m in revenue.

<sup>1</sup> All financial results are unaudited. All \$ are A\$ unless otherwise stated

SciDev CEO Seán Halpin, addressing performance for Q1 FY24, said, "Our financial performance demonstrates the underlying strength of our business, with a sixth consecutive quarter of positive cash flow and EBITDA of \$0.7m recognised during the period. Whilst revenue was down compared to the previous corresponding period, it should be noted that the first quarter of FY23 was, so far, the revenue high watermark for our business. Importantly, revenue was up versus the prior quarter, reflecting the uplift from new contracts such as Iluka Cataby and Thunderbird Minerals and the progression of our PFAS project at Cleanaway's Campbellfield site in Victoria. With an expanding customer base, deep sales pipeline, growing regulatory tailwinds, and a robust balance sheet, SciDev is positioned for considerable growth, driving sustainable returns for our shareholders."

## Financial Performance

SciDev delivered revenue of A\$21.6m (-16% vs PCP) and cash receipts of A\$19.3m. The reduction in revenue versus the PCP was primarily due to the impact of the lower natural gas price on market activity in the US Oil and Gas sector.

Whilst revenue was down versus the PCP, it was up 13% on the prior quarter (Q4 FY23), reflecting continued momentum in Chemical Services and uplift from recent contracts with Iluka and the Thunderbird Mineral Sands project.

Revenue in the water treatment business was up 19% versus the prior quarter as work continued on multiple PFAS projects in Victoria, Queensland, New South Wales and Western Australia. These projects included the previously delayed project at Cleanaway Campbellfield, which is now on track for completion by the end of Q3 FY24.

Quarterly positive cash flow from operations of A\$1.2m, building on the previous five quarters of positive cash flow. Cash and cash equivalents at 30 September 2023 of A\$8m with A\$8.2m in inventory. The balance of the Haldon acquisition consideration is payable in April 2024, with accrued interest.

Payments to Directors and their associates for the quarter A\$76k include fees paid to Non-executive Directors.

Table 1: Revenue by vertical (unaudited)

Sector	Q1 FY23 (A\$m)	Q4 FY23 (A\$m)	Q1 FY24 (A\$m)	% Change (vs PCP)	% Change (vs PQtr)
<b>Water Technologies</b>	4.1	3.2	3.8	-7	19
<b>Chemical Services</b>	21.5	16.0	17.8	-17	11
<b>- Mining &amp; Construction</b>	6.8	6.3	6.5	-4	3
<b>- Energy Services</b>	14.7	9.7	11.3	-23	16
<b>Total</b>	25.6	19.2	21.6	-16	13

## Operational Performance

### Chemical Services

SciDev continues innovating and delivering a range of bespoke chemistry to our clients that improves operational efficiencies and reduces their water footprint. Key Q1 FY24 operational and development highlights include:

- Secured a two-year contract (with the option for a two-year extension) at the Thunderbird Minerals Sands Project, which is expected to generate approximately A\$7.0 m in sales over the initial two-year period
- Chemical supply and services continued into all major clients, including Iluka, First Quantum, Yancoal, DRA Global, Idemitsu and Peabody Energy
- Successful commissioning and start-up support to John Holland Group for a tunnelling project in Australia where MaxiFlox® chemistry is being used in the dewatering process to enable the re-use of water and environmentally friendly handling and disposal of waste spoil
- First supply of MaxiDry® reagent to major tunnelling project in Australia in preparation for a Tunnel Boring Machine launch later in FY24
- First purchase order received for supply of MaxiFlox® chemistry to our major distributor in Mexico
- Fulfilled two large quantity purchase orders for mining operations in the United States
- Completed field trial across six wells with a blue-chip operator in the Permian Basin in West Texas. SciDev chemistry was subsequently chosen for commercial applications
- Business Development activities continued across several markets in Australia, the USA, Mexico, Canada and the Caribbean.

### Water Technologies

During the period, the Water Technologies business continued expanding its operations in Australia by executing several new contracts across the PFAS and broader water treatment industries. Key highlights from the period include:

- Awarded A\$4.6m Design and Construct contract with Acciona Construction Australia Pty Ltd for two water treatment plants in Sydney, NSW, to support the construction of the Western Harbour Tunnel
- Work continued on multiple major PFAS projects across Australia, including projects for key client Cleanaway Waste Management at their facilities in New Chum, Queensland and Campbellfield, Victoria.
- Executed a contract to supply three small BOO water treatment plants to support a significant infrastructure project in North Coast NSW. The contract will generate approximately A\$1m, which will be recognised by June 2025
- Engaged by a blue-chip waste management company to complete a Front End Engineering Design (FEED) for an upgrade to a licenced liquid waste treatment facility in NSW

- Secured a purchase order from a blue-chip mining client in Western Australia for the supply and support of Water Quality Monitoring Systems into five operational mine sites
- Operated on seven PFAS treatment projects through Q1 generating A\$2.9m in revenue.

## Outlook

With a growing portfolio of new contracts and strong inbound customer demand across our key markets, SciDev is well-positioned to continue to grow our operational and financial footprint throughout FY24. Key areas of focus for the Company include:

- Ongoing focus on the health and safety of all our employees
- Continued delivery of Water Technologies pipeline of contracted works with a focus on the delivery of revenue from contracts secured in FY23
- Ongoing development and diversification of our technology portfolio across both our Water Technologies and Chemical Services businesses
- Actively pursuing strategic opportunities to accelerate growth in the global PFAS sector with a focus on the European and North American markets
- Leveraging strategic partnerships and licencing agreements to increase market share in the global mining and resources sector
- Diversification of North American business by entering new markets and broadening our service offerings where we have an established presence
- Continued execution of business development opportunities in the domestic and overseas construction sector.

## Investor Webinar

Date and Time: Thursday 26 October at 2.00 pm AEST

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\\_dYDD2-vKRB6ZlZJZhw2gBg](https://us02web.zoom.us/webinar/register/WN_dYDD2-vKRB6ZlZJZhw2gBg)

## For Further Information

### Corporate

Seán Halpin – Chief Executive Officer

Anna Hooper – Chief Financial Officer

+61 2 9622 5185

### Investors

Craig Sainsbury – Atomic Markets

[Craig.Sainsbury@atomicgroup.com.au](mailto:Craig.Sainsbury@atomicgroup.com.au)

+61 428 550 499

The Board of SciDev Limited authorises this announcement.

### About SciDev

SciDev is a leader in environmental solutions focused on water-intensive industries. Our solutions allow clients to reuse water, improve operational efficiencies and reduce their environmental footprints. We deliver world-leading chemistry and water treatment technology with end-to-end support from our specialist scientists and engineers.

SciDev works with clients across a range of industries, including Mining, Oil & Gas, Construction & Infrastructure and Water Treatment.

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