

ASX Announcement

25th February 2026

1H FY26 challenges addressed with expectations for 2H revenue and earnings growth

(A\$ million)	1H FY26	1H FY25
Revenue	47.9	49.9
Underlying EBITDA	1.1	3.4
Reported EBITDA	0.4	3.4
Underlying NPAT	(1.4)	(0.1)
Net Cash at 31 Dec 25	4.4	—
Gross Margin (%)	28%	33%
Recurring Revenue (% of total)	54%	—

SciDev Ltd (ASX:SDV) (“the Company”) reported financial results today reflecting a period of challenging conditions, and a clear plan forward for recovery.

Managing Director and CEO, Sean Halpin said, “This was a difficult six months and below our expectations. The result was primarily impacted by two specific issues. The first related to a frac schedule change at one key US customer which removed most of our premium product xSlik® volumes for the period, reducing EBITDA by \$3.6 million. Secondly, in our international Water Technologies business, revenues could not keep pace with the rising costs to establish the business, causing EBITDA to decline \$0.7 million over the prior year.”

“We have taken decisive action to address these challenges. In international Water Technologies, we are moving from direct investment to a lower cost channel partner strategy. The benefit of this change is expected to reduce costs by nearly \$3 million pa, while keeping and expanding access to the significant potential of these markets.”

“We have also taken steps to broaden the revenue base in Energy Services to reduce customer concentration risk. In 1H FY26 we increased the number of clients buying our market leading CatChek® product by 75% over the prior year, while adding business development resources to target the most attractive shale formations for our high-value chemistries.”

“Beyond the headline numbers, underlying EBITDA in all other business divisions and at corporate improved over the prior year. Our Process Chemistry business delivered record revenues in 1H FY26, while our domestic Water Technologies business returned to profitability and has developed a quality prospective pipeline of work for the coming year.”

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“Across the group we are focusing on growing our recurring revenue base from stable business lines, including long-term Process Chemistry contracts, O&M contracts, and sales from our proprietary CatChek® product. In total, these now account for over half of total revenue.”

“In the year ahead, we will continue to drive forward on several key initiatives to grow revenues and strengthen competitive positioning. This includes:

- R&D for the next generation of advanced specialty chemicals.
- Cross-selling Water Technologies services across our existing global customer base.
- Drive higher recurring revenue through long-term MSA’s and expanding O&M contracts.

“These initiatives are consistent with our ambition to create a world leading water technology company focused on delivering best-in-class solutions to the energy and mining industries.

1H FY26 Results

Key negative drivers

Underlying EBITDA of \$1.1 million was \$2.3 million below the prior corresponding period. Two factors account for the entire variance:

- **Energy Services:** (\$3.6m EBITDA impact vs 1H FY25) A single key customer changed their frac schedule during the half, materially impacting sales of xSlik®, our premium specialty friction reducer. Moving forward, the customer relationship remains intact with opportunities for sales resume in FY27.
- **International Water Technologies:** (\$0.7m EBITDA impact vs 1H FY25) Direct investment costs in the UK and the US grew faster than revenues. Management acted during the half to restructure the business, replacing the direct-investment model with a channel partner approach that carries materially lower fixed costs, saving up to \$3 million pa from 2H FY26.

Key positive drivers

Excluding the two items above, all other business units improved:

- **Process Chemistry:** Record revenue of \$14.5 million, up 16%. Underlying EBITDA up 58% to \$1.1 million. Driven by major multi-year tunnelling contracts for Australian metro and road infrastructure. Gross margins improved on better product and customer mix.
- **APAC Water Technologies:** Returned to profitability with underlying EBITDA of \$0.2 million, up \$0.8 million year-on-year. The improvement reflects a deliberate shift to higher-margin technology hardware and services, and O&M contract revenues.
- **Corporate costs:** Down 19% year-on-year to \$1.9 million through headcount and administration savings. These reductions are expected to be maintained.

Quarterly trend

The business improved sequentially through the half. Q2 FY26 revenue of \$24.9 million was 9% above Q1 of \$22.9 million, and underlying EBITDA improved from breakeven in Q1 to \$1.1 million in Q2. The Company entered 2H FY26 with improving momentum.

By Quarter (A\$ million)	2Q FY26	1Q FY26
Revenue	24.9	22.9
EBITDA Underlying	1.1	0.0

Results by Business Unit

Business Unit A\$ million	Revenue		EBITDA Underlying	
	1H FY26	1H FY25	1H FY26	1H FY25
Energy Services	25.9	27.6	3.3	6.5
Process Chemistry	14.5	12.5	1.1	0.7
Water Technologies – APAC	7.0	9.4	0.2	(0.6)
Water Technologies – International	0.4	0.3	(1.5)	(0.8)
Corporate	0.1	0.1	(1.9)	(2.4)
Total	47.9	49.9	1.1	3.4

Energy Services

- **Revenue** \$25.9m down 6%, due to primarily to frac schedule disruption at a key customer.
- **Underlying EBITDA** \$3.3m (vs \$6.5m in 1H FY25): Margin compression reflects xSlik® volume loss and fixed distribution cost absorption at lower revenue.
- CatChek® client base +75%: CatChek® customers grew materially following Permian Basin expansion, with additional business development resources added to target the market.
- Energy market context: WTI pricing has generally been supportive of completion activity. Management notes the key 1H FY26 headwind was customer-specific scheduling, not commodity-driven.

Process Chemistry

- **Revenue** of \$14.5m, up 16% driven by multi-year tunnelling and infrastructure projects.
- **Underlying EBITDA** \$1.1m, up 58%: Revenue growth and improved gross margin were both contributors.
- International field trials progressing: Conversion to long-term supply agreements targeted in 2H FY26.

Water Technologies – APAC

- **Revenue** \$7.0m, down 25%: Legacy D&C contracts completed as planned. Rum Jungle contributed \$1.0m in 1H FY26.
- **Underlying EBITDA** improved \$0.8m year-on-year to \$0.2m: Due to a positive mix of higher margin technology hardware and services.
- Rum Jungle: The \$19.5m remediation contract signed in 1H FY26, with peak activity scheduled in 2H FY26 and completion in September 2026.

Water Technologies – International

- **Revenue** \$0.4m (+19% pcp) from European PFAS remediation projects.
- **Underlying EBITDA** loss of \$1.5m: Costs grew faster than early-stage revenues during the direct-investment phase.
- Strategic pivot made: Transition to channel partner model removing nearly \$3m in annualised fixed costs. Division is expected to move toward breakeven in 2H FY26. Long-term market access is retained and expanded through new operating model.

Corporate

- Costs \$1.9m, down 19% year-on-year. Reduction achieved through lower headcount and tighter administration controls. Savings are structural.

FY26 Guidance and 2H Outlook

Revenue & Earnings:

- **FY26 Revenue** guidance revised to **\$100m – \$110m**, reflecting:
 - Recently confirmed delay in sales opportunity for xSlik® pushed into FY27.
 - Delays to trial conversions in Process Chemistry confirmed in February.
 - \$3 million negative impact from higher AUD:USD on forecast USD revenue.
- **2H FY26 EBITDA** expected to be **higher than 2H FY25**, supported by:
 - Stronger revenues expectations vs 2H FY25.
 - Expected higher EBITDA margins vs 2H FY25.
 - Recent group-wide cost reduction initiatives.

Potential Upside Opportunities

The revised guidance reflects the company's view of reasonable downside risks. Potential upside opportunities not reflected in the FY26 range include:

Energy Services:

- Potential new customer acquisitions in 2H FY26 on increased presence in key basins.
- Additional high volume, but lower margin friction reducer sales.

Process Chemistry:

- Targeted efforts on mining could see additional field trials started in the period.

Water Technologies:

- Several smaller scale infrastructure projects within the business development scheduled to start in 2H FY26 if tender bids are successful.
- Continued discussions with major Data Centre developers for solutions to address rapidly growing demand for Water Management services. Potential for initial revenues in 2H FY26.

FY27 Pipeline

Energy Services:

- Recent addition of new business development resources likely to show tangible returns starting in 1H FY27 as new business prospecting begins to convert into first revenues.
- Full year of revenue activity from 6 new customers to be onboarded in 4Q FY26.

Process Chemistry:

- Potential to convert current field trials to long-term supply agreements.
- Healthy pipeline of business development opportunities in both domestic and international mining clients.

Water Technologies:

- High confidence in replenishment of D&C order book, including Rum Jungle, based on sole-source engagement for design work with major mining clients.
- The recurring revenue base is expected to grow through anticipated O&M contract wins over 2H FY26 and FY27.
- The Company will provide more specific FY27 guidance as contracted pipeline matures.

The Board of SciDev Limited authorises this announcement.

For Further Information

Corporate

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About SciDev

SciDev is a leader in innovative solutions that solve industries' most complex water problems. 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 Oil & Gas, Mining, Construction & Infrastructure and Water Treatment.