

## **JUNE 2022 QUARTERLY ACTIVITIES REPORT: RECORD CASH RECEIPTS, REDUCED OPERATING CASH OUTFLOWS, FOCUS ON EBITDA BREAK EVEN**

### **Key Highlights**

- **Best ever June quarter in Company history** with approx. \$5.6m in cash receipts
- **Growth momentum continues** with 13 successive quarters of cash receipts growth vs pcp
- **High-margin recurring revenue segments up to approx. 85% of total cash receipts in H1 CY 2022** (up from 38% in CY 2018)
- **Strategic acquisition of Stevco Seals & Pumps Victoria Pty Ltd completed during the quarter**, continuing to leverage De.mem's outstanding acquisition track record with all three bolt-on acquisitions since 2019 growing substantially post-acquisition, and adding ~\$330,000 of EBITDA per annum
- **Invoicing for two previously announced Build, Own, Operate projects starting from June/July onwards**
- **Strong outlook for recurring revenue growth in CY 2022; recurring cash receipts forecast increased to \$17.5 - 20m for CY2022** (implied growth of 28 - 46% vs CY2021 recurring revenue)
- **Quarterly operating cash outflows reduced to approx. \$470,000. Strategic focus shifting towards profitability, with quarterly operating cash flow and/or EBITDA break even targeted by H1 2023**
- **Appointment of Danny Conlon as non-executive director, former CEO & Managing Director of Veolia Australia & New Zealand.**

**26 July 2022:** Industrial water and wastewater treatment company De.mem Limited (ASX: DEM) ("De.mem" or "the Company") is pleased to report strong June Quarter 2022 results.

### **Growth Continues with Best June Quarter Cash Receipts in Company History**

De.mem is delighted to report cash receipts of \$5.6m, the Company's highest ever cash receipts in a June Quarter. Cash Receipts are up by approx. 6% vs. \$5.2m in the June Quarter 2021. Total cash receipts in the 6 months ended 30 June 2022 are \$10.7m, up by approx. 23% vs. \$8.7m in the 6 months ended 30 June 2021.

Importantly, the quality of the cash receipts growth in the 6 months ended 30 June 2022 was remarkable. Approx. 85% of cash receipts were generated by the Company's high-margin recurring revenue segments (see section below, "Growth of Recurring Revenue Segments Continues", for further details). Comparatively, in the 6 months ended June 2021 (pcp) only ~65% of cash receipts were generated from recurring revenue segments. This increase continues to substantiate De.mem's strategic focus on driving growth in higher margin, recurring revenue segments.

De.mem has now recorded 13 consecutive quarters of cash receipts growth vs. prior corresponding period (pcp) – despite the extremely challenging macroeconomic environment due to the Covid-19 pandemic in CY2020 and 2021.

Record cash receipts in the first 6 months of CY 2022 provide a strong foundation for significant growth in the full CY2022, given the historical seasonality observed. The first 6 months of a calendar year typically account for approx. 40-45% of annual cash receipts (H1 2021: ~44%; H1 2020: ~42%).

De.mem advises that June Quarter 2022 cash receipts exclude any contribution from two previously announced Build, Own, Operate projects, which will generate revenues/cash receipts from the second half of CY 2022 onwards (see section below, “Two Key Build Own Operate Contracts Started Invoicing”, for further details). These two projects will add annualised revenues of approx. \$600,000 in total.

#### CHART 1: CASH RECEIPTS GROWTH SINCE CY 2019 – STRONG START TO CY2022 (IN A\$ MILLION)



#### Growth of Recurring Revenue Segments Continues – ~85% Recurring Revenue in H1 CY 2022

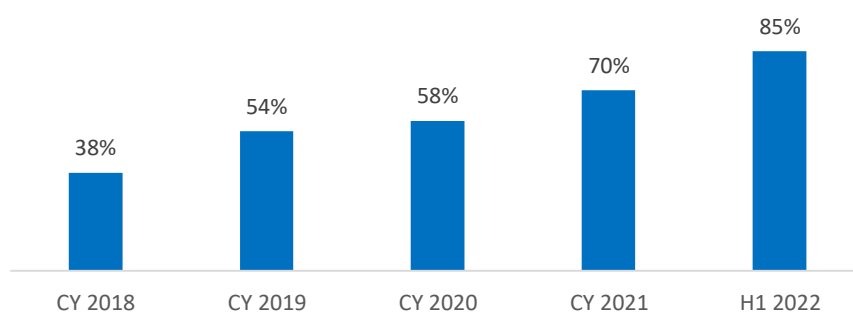
In line with the strategy communicated to the Company's shareholders, growth initiatives remain focused on De.mem's recurring revenue segments.

De.mem has successfully evolved its business model over the past three years, by growing the share of cash receipts from recurring revenue segments vs. total cash receipts generated from 38% in CY 2018 to approx. 85% (\$9.1m) in the first 6 months of CY 2022.

De.mem's recurring revenue, in addition to being very predictable, generates above industry average gross margins, and continues to enhance the margin profile across the combined business (gross margin up from 17% in CY 2017 to 34% in CY 2021).

The strategy results in a high-quality revenue/business model and comprehensive offering of products & services, which is unique within the water treatment industry. It brings long-term, stable customer relationships and key accounts to De.mem, which provide a strong opportunity for the cross-selling of other De.mem products.

#### CHART 2: RECURRING CASH RECEIPTS VS. TOTAL CASH RECEIPTS



Recurring revenues segments include:

- Build, Own, Operate (“BOO”) and Operations & Maintenance (“O&M”) contracts.

As well as revenues related to goods and services which are essential to the operations of our client's water and wastewater treatment facilities and recurring in nature, these include:

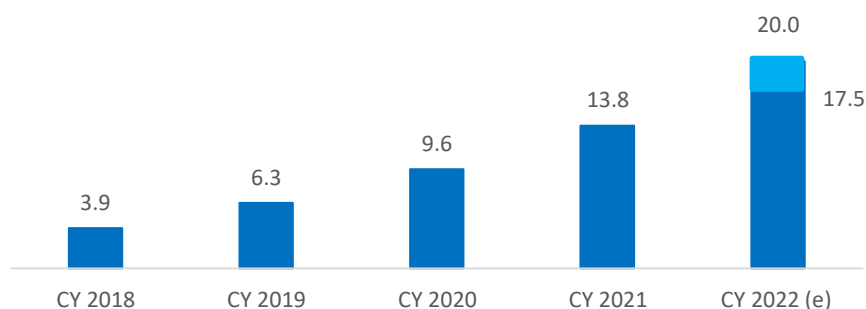
- Regular maintenance work on water treatment equipment.
- Membrane replacement sales into existing facilities.
- Specialty chemicals sales.
- Sales of pumps and related services.
- Sales of small equipment and consumables.

While the Company's recurring revenue segments generate repeat orders, some minor seasonality may apply in between individual quarters subject to, for example, the timing/receipt of single payments, payment terms with individual customers and/or holiday periods.

### **De.mem Upgrades Forecast to \$17.5-20m in Recurring Cash Receipts and/or Revenues in CY 2022**

Based on the reported growth, De.mem now forecasts recurring cash receipts and/or revenues of \$17.5-20m for CY 2022 (up from \$16.5 - 19m), corresponding to a growth rate between 28% - 46% vs. CY2021 recurring revenues. Chart 3 illustrates the strong growth of cash receipts from recurring revenue segments since 2018.

### **CHART 3: RECURRING CASH RECEIPTS IN A\$ MILLION**



### **Zero Churn in the BOO and O&M Segments**

De.mem is pleased to advise that since the Company's inception, it has never lost a material contract to a competitor with respect to its BOO and O&M agreements (material contract defined as annual revenues above \$100k). The Company's BOO and O&M business currently generates approx. \$4 million in revenues per annum (excluding the two new BOO/BOOT contracts, see section below), including the sales of consumables to the respective client sites. This demonstrates the unique business proposition to customers who value De.mem's one-stop-shop offering and high quality of products and services supplied.

These respective segments due to their stickiness and high predictability in revenues remain the key focus for the Company moving forward.

### **Key 3-Year Service Contract With Rio Tinto Signed**

During the quarter, De.mem signed a new 3-year service contract with Rio Tinto, one of the world's leading mining companies, to manage the potable water and sewage treatment plants at the Amrun mine in Queensland, Australia.

Effectively, the new contract is a long-term extension of an existing arrangement with Rio Tinto. De.mem has been operating the water treatment facilities since 2016, based on short term, revolving contracts and purchase orders respectively. This new agreement gives certainty to the business for another 3 years, beginning from July 2022.

The 3-year agreement has a value of approx. \$1.7 million in revenues. Additional revenue can be secured from the cross sell of additional equipment, specialty chemicals and other consumables. The new contract is in line with the above-mentioned strategy to build recurring revenues and validates the Company's efforts.

The Company continues to see mining operations as a strategically significant area for expansion. The industry provides strong demand for the wider one-stop-shop product and service offering of the Company, in particular the supply of membrane-based water treatment equipment, operations & maintenance services, as well as the supply of specialty chemicals such as antiscalants for water treatment plant operations and other aspects of the mining process.

### **Reduced Operating Cash Outflows in June Quarter 2022**

Net operating cash outflows of approx. -\$470,000 in the June Quarter 2022 were significantly reduced from -\$916,000 in the March Quarter 2022.

Outgoing payments to suppliers (line 1.2b in the Appendix 4C), staff costs (line 1.2e) and administrative and corporate costs (line 1.2f) incurred during the June quarter 2022 were roughly in line with the March quarter 2022, while the higher cash receipts (\$5.6m in the June Quarter 2022, vs. \$5.1m in the March Quarter 2022) resulted in the reduced operating cash outflows. The higher cash receipts were generated by the Company's recurring revenue segments (see above). Please see the Appendix 4C attached to this release for further details.

### **Strategic Focus Shifting Towards Profitability With Clear Pathway to Break Even**

With the clear focus on growing its recurring revenue segments and Build, Own, Operate and service contracts, complemented by bolt-on acquisitions of profitable businesses with a strong industrial customer base, De.mem's strategy has continued to shift towards achieving EBITDA and operating cash flow break even. Based on the current Company structure and strategy, EBITDA break-even is expected to occur at approx. \$26m in revenues.

De.mem advises that further improvements in operating cash flows and profitability are expected for H2 2022 with the addition of two important previously announced BOO contracts beginning to generate revenue (see section below, "Two Important Build, Own, Operate Contracts Started Invoicing") and due to the integration of Stevco (see section below, "Acquisition of Stevco Provides Strong Basis For Cross-Selling Into Victorian Customers"). The Company remains committed to its objective of achieving quarterly EBITDA and/or operating cash flow break even by H1 2023.

### **Two Important BOO/BOOT Contracts Start Invoicing**

During the quarter, De.mem completed the manufacturing of a containerized waste water treatment plant under a Build, Own, Operate and Transfer ("BOOT") contract which was announced to the ASX on 15 September 2021 (see ASX release, "[New contracts in move to service-based business model](#)"). This contract is worth approx. \$2,000,000 in total revenues over a fixed term of 5 years. The system, which incorporates De.mem's Ultrafiltration membrane technology as the key treatment process, has been shipped to the customer site and was commissioned by De.mem on site. Regular invoicing under the contract is scheduled to begin from late July onwards.

Furthermore, the construction of another waste water treatment plant under a Build, Own, Monitor & Transfer contract with the Selwyn Snow Resort in New South Wales, Australia, has been completed. The contract has a term of 5 years with a total value of approx. \$1,000,000 in revenues. Detailed information about the contract can be found in the ASX release dated 8 December 2021, "[First water treatment contract with Australian snow resort](#)". It marks De.mem's first contract ever with a snow or ski resort. Regular invoicing under the contract started from July.

The successful delivery on both contracts will have a positive impact on De.mem's cash receipts, revenues and margins from the 2<sup>nd</sup> half of CY 2022 onwards.



**De.mem containerized waste water treatment system (1)**



**De.mem containerized waste water treatment system (2)**



### **Build, Own, Operate with Industrial Clients as Unique Service Offering**

Under a Build, Own, Operate (“BOO”) scheme, De.mem rents out water treatment equipment to a client, typically based on the Company’s proprietary membrane technology as the key technological feature. Following the commissioning of the plant, De.mem then operates and maintains the equipment on behalf of the client, also providing all required replacement membranes, chemicals and consumables.

The BOO contracts typically come with a fixed term of several years. The offering enables the Company to generate stable, recurring revenues streams from a reputable client base, and to build strong customer relationships.

The BOO offering combines De.mem’s extended range of capabilities, from its advanced, proprietary membrane technology to the provision of operations & maintenance services and the supply of in-house Australian-manufactured anti-scalants and other chemicals required during operations of membrane-based water treatment plants.

BOO services require some upfront capital to finance equipment leasing. The projects can be funded through the issuance of debt instruments.

De.mem is pleased to advise that it has never lost a material contract with respect to its BOO and O&M agreements since the Company’s inception to a competitor (material contract defined as annual revenues above \$100k).

As the cost for the equipment supplied under a BOO contract is incurred upfront, the financial risks for De.mem from inflation are limited. For manpower/salaries, chemicals and consumables which are required during the operations phase, De.mem typically factors in price increases.

### **World Leading Membrane Technology Provides Strong Competitive Advantage with Development of Next-Gen Graphene Oxide Membrane Progressing**

De.mem has a unique competitive advantage of proprietary and/or patented technology, underpinning the Company’s unique portfolio of hollow fibre Microfiltration, Ultrafiltration and Nanofiltration membranes. The Company commercializes its membranes as the key component of its integrated water and waste water treatment systems or its Build, Own, Operate and service contracts, and in combination with the Company’s wide range of specialty chemicals, pumps and consumables that are typically required by clients during operations of membrane based water treatment plants.

On 7 September 2021, De.mem presented its “next-gen” membrane technology, based on Graphene Oxide (“GO”) enhanced polymer membranes, with substantially improved membrane characteristics such as 20-40% higher water flux (throughput), leading to significantly reduced operating cost for the water treatment process.

During the quarter, De.mem has initiated a process to obtain approval for use of the new technology for potable water treatment applications by the NSF (National Sanitation Foundation, the American regulator for drinking water related products).

After the end of the quarter, on 19 July 2022, De.mem announced a new partnership with Puraify, Canada, related to the commercialization of the GO membrane technology (see the ASX release dated 19 July 2022, “De.mem Signs Technology Commercialization Partnership Agreement” for further details). Puraify is part of Grafood Inc., Canada, a graphene research, development and investment company, and promotes a range of products for domestic water treatment filtration as well as portable water treatment systems. Through the partnership, De.mem intends to launch the GO membrane technology initially into domestic point-of-use and point-of-entry water purification applications, which is estimated to be a US\$82.6bn global market by 2027 (source: *Market Research Future, study on the Water Purifier Market, May 2021*).

### **Acquisition of Stevco Provides Strong Basis for Cross Selling into Victorian Customers**

On 22 March 2022, De.mem announced its acquisition of Stevco Seals & Pumps Victoria Pty Ltd (“Stevco”).

Established in and operating since 2004, Stevco is a well-known supplier of pumps, small water treatment equipment and related operations & maintenance services to industrial and municipal clients in Victoria. Stevco has a reputation of supplying highest quality products and services.

Stevco's long-term customer base includes leading industrial players from the food & beverage, agricultural and heavy industrial sectors, as well as a number of municipalities in Victoria.

Stevco generated approx. \$2.3 million in annual revenues during the past 3 business years (on average) prior to the transaction. It generated approx. \$330,000 in normalized EBITDA (adjusted for one-off items). Revenues are largely recurring and a significant percentage is generated from the rendering of operations & maintenance services. It is also believed that there is significant upside to this based on potential synergies and cross-sell opportunities.

De.mem paid \$1.25m in cash plus \$250,000 in DEM shares for 100% in Stevco's shares, which values the transaction at approx. 4.5x EBITDA. The cash payment was completed in this quarter as per the Appendix 4C.

The key rationale for the transaction is as follows:

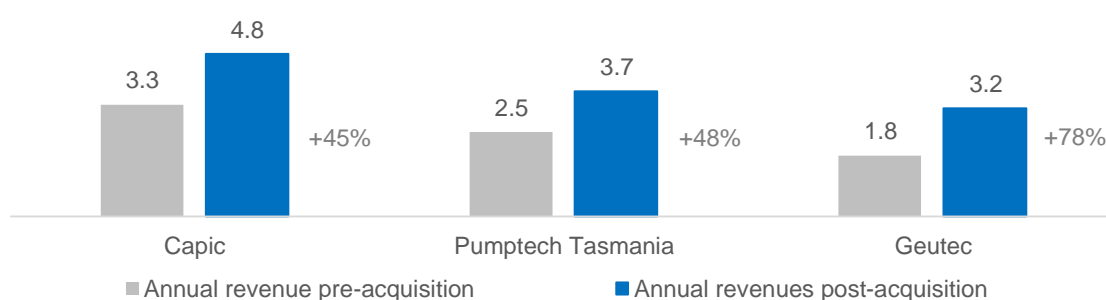
- Stevco brings an extensive, well-established industrial customer base in Victoria into De.mem group
- Substantial opportunity to cross-sell De.mem's wider product range and advanced membrane technology into Stevco's customer base
- Strong operational synergies between Stevco and the De.mem-Pumptech business in Tasmania
- Completion of De.mem group's Australian-wide footprint with nationwide service & support capability
- Recurring revenue focus as large part of revenues generated from operations & maintenance services
- Profitable business with approx. \$330,000 in normalized EBITDA per annum generated
- Accretive and well-priced acquisition
- Stevco founders will join De.mem management team
- Integration of Stevco will add further to De.mem's move towards EBITDA break even

#### **Stevco Acquisition Follows Track Record of Bolt-On Acquisitions With Substantial Post-Acquisition Growth**

Prior to the transaction with Stevco, De.mem acquired three companies since 2019. All three companies acquired generate stable, recurring revenues from a long-term industrial customer base, in line with the Company's strategy to focus its expansion on the recurring revenue segments. All three companies have achieved significant growth since the acquisition, in spite of the challenging environment due to Covid-19.

This growth was driven by the introduction of De.mem's wider "one-stop shop" product range to the acquired companies' customers and new sales team investment generating substantial cross-sell and up-sell growth. Further details are provided in Chart 4 below.

**CHART 4: PERFORMANCE OF ACQUISITIONS SINCE PURCHASE**



- De.mem-Capic (formerly known as Capic) generated approx. \$4.8 million in revenue during the 12-month period ended on 31 March 2022, since the acquisition on 1 April 2021, which is approx. 45% above the average annual revenue of Capic prior to the acquisition (\$3.3 million);
- De.mem-Pumptech Pty Ltd (formerly known as Pumptech Tasmania Pty Ltd) recorded approx. \$3.7 million in revenue during 2021, which is approx. 48% above the annual revenue of Pumptech Tasmania Pty Ltd prior to the acquisition (\$2.5 million);
- De.mem-Geutec GmbH (formerly known as Geutec Industrie- und Abwassertechnik GmbH) recorded revenues of approx. \$3.2 million in 2021, which is approx. 78% above the annual revenue of Geutec prior to the acquisition (\$1.8 million).

De.mem has built a track record of successful and well-integrated acquisitions, by achieving substantial post-acquisition revenue growth in particular through cross-selling and offering its wider product range around its innovative membrane technology.

## **Appointment of Danny Conlon at Non-Executive Director**

On 20 June 2022, De.mem announced the appointment of proven water industry expert and veteran Mr. Danny Conlon to the Company's board of directors. Mr. Conlon has vast experience in developing water treatment businesses, with a strong focus on growing recurring revenues and long-term, stable service contracts, making his appointment a perfect fit to the strategic focus of the Company.

Most recently, from 2018 to 2020, Mr Conlon was Veolia's CEO and Managing Director for the Australia & New Zealand region. In this role, Mr Conlon oversaw Veolia's broad portfolio of water, waste and energy operations, with a strong focus on driving the growth of recurring revenues and the company's service business. Veolia's Australian & New Zealand water and wastewater business serves many clients from local and state government authorities to the oil & gas, mining, health care, food & beverage industries. Mr Conlon was responsible for more than 4,000 employees and 240 locations across the region.

Mr Conlon is joining the De.mem board as a non-executive director. In this new role, he will provide De.mem advice, particularly with respect to the strategic development of the Company as well as its sales & marketing, operations, and financial performance. He also brings a vast network within the Australian & New Zealand water, waste & recycling industries to De.mem.

## **ESG Impact**

With its core business model focusing on the re-use and recycling of industrial wastewater, De.mem is fulfilling an important environmental and social mission.

During the June 2022 quarter, De.mem treated a total of approx. 550 million liters of water under industrial BOO and O&M contracts, across 15 sites in Australia and Singapore (roughly equivalent to the amount of water contained in ~220 Olympic sized swimming pools). The large majority of De.mem's contracts relate to the treatment of wastewater to a sufficient quality which exceeds regulatory discharge standards, whereby it is deemed sufficiently safe to release the treated water into the environment.

The two new Build, Own, Operate projects (see section above, "Two Important BOO/BOOT Contracts Started Invoicing") will add another approx. 15 million liters of water treated per quarter to the above.

De.mem's treatment systems facilitate the deployment of a membrane-based process. This process not only utilises relatively lower power consumption, but also meaningfully reduces usage of bulk and other harmful chemicals (only small amounts of high value specialty chemicals are required).

There were no breaches of any environmental (EPA, Environmental Protection Agency) standards or regulations reported during the quarter.

## **CEO Commentary**

De.mem Chief Executive Officer Andreas Kroell said:

*"We have continued our strong growth momentum with the 13<sup>th</sup> consecutive quarter of growth in cash receipts, while we have substantially reduced the operating cash outflows.*

*In line with the strategy communicated to our shareholders, once again, our profitable, high margin and stable recurring revenue segments have been driving overall growth.*

*The Stevco acquisition in Victoria fits exactly into this strategy and we are convinced that it will continue our outstanding track record of small, bolt-on acquisitions.*

*With two new BOO contracts now generating revenue, the integration of Stevco as a profitable business into our group, and the ongoing organic growth of our high margin recurring revenue segments, we are looking forward to a strong performance in the 2<sup>nd</sup> half of the Calendar Year 2022 and beyond."*

## **Payments to related parties included in Appendix 4C**

The payments to related parties of De.mem disclosed in item 6.1 of the Appendix 4C for the quarter, accompanying this quarterly activities report, were payments of directors' fees and salaries.

This release was authorized by the Company's CEO, Andreas Kroell, on behalf of the Board.

**-ENDS-**

**For further information, please contact:**

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**De.mem Limited (ASX:DEM)** is an Australian-Singaporean decentralised water and wastewater treatment business that designs, builds, owns and operates turnkey water and wastewater treatment systems for some of the world's largest companies in the mining, electronics, chemical, oil & gas, and food & beverage industries. Its systems also provide municipalities, residential developments and hotels/resorts across the Asia Pacific with a reliable supply of clean drinking water.

De.mem's technology to treat water and wastewater is among the most advanced globally. The Company has commercialised an array of innovative proprietary technologies from its research and development partner, Nanyang Technological University (NTU) in Singapore, a world leader in membrane and water research. Technologies exclusively licensed from NTU include a revolutionary low-pressure hollow fibre nanofiltration membrane that uses less electricity and is cheaper to operate than conventional systems, as well as a new Forward Osmosis membrane deployed in de-watering applications or the concentration of liquids.

To learn more, please visit: [www.demembranes.com](http://www.demembranes.com)

**Forward Looking Statements**

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of De.mem Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

## Appendix 4C

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

**Name of entity**

De.mem Limited

**ABN**

12 614 756 642

**Quarter ended ("current quarter")**

30 June 2022

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (6<br/>months) \$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 5,557                              | 10,683                                     |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | -                                  | -  |
| (b) product manufacturing and operating costs             | (3,539)                            | (7,081)                                    |
| (c) advertising and marketing                             | -                                  | (13)                                       |
| (d) leased assets   | -                                  | -  |
| (e) staff costs   | (1,837)                            | (3,664)                                    |
| (f) administration and corporate costs                    | (673)                              | (1,348)                                    |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | 1                                  | 1  |
| 1.5 Interest and other costs of finance paid              | (13)                               | (39)                                       |
| 1.6 Income taxes paid                                     | -                                  | -  |
| 1.7 Government grants and tax incentives                  | -                                  | -  |
| 1.8 Other (provide details if material)                   | 33                                 | 74   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(471)</b>                       | <b>(1,387)</b>                             |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire or for:                           |                                    |  |
| (g) entities  | -                                  | -  |
| (h) businesses  | (1,363)                            | (1,679)                                    |
| (i) property, plant and equipment                         | (670)                              | (1,401)                                    |
| (j) investments   | -                                  | -  |
| (k) intellectual property                                 | (65)                               | (136)                                      |
| (l) other non-current assets                              | (4)                                | (4)  |



| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (6<br>months) \$A'000 |
|--------------------------------------|---|----------------------------|------------------------------------|
| 2.2                                  | Proceeds from disposal of:                            |                            |                                    |
|                                      | (a) entities  | -                          | -                                  |
|                                      | (b) businesses  | -                          | -                                  |
|                                      | (c) property, plant and equipment                     | -                          | -                                  |
|                                      | (d) investments                                       | 33                         | 33                                 |
|                                      | (e) intellectual property                             | -                          | -                                  |
|                                      | (f) other non-current assets                          | -                          | -                                  |
| 2.3                                  | Cash flows from loans to other entities               | -                          | (9)                                |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                  |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                  |
| 2.6                                  | <b>Net cash from / (used in) investing activities</b> | <b>(2,069)</b>             | <b>(3,196)</b>                     |

|           |   |             |              |
|-----------|---|-------------|--------------|
| <b>3.</b> | <b>Cash flows from financing activities</b>   |             |              |
| 3.1       | Proceeds from issues of equity securities (excluding convertible debt securities)       | -           | -            |
| 3.2       | Proceeds from issue of convertible debt securities                                      | -           | -            |
| 3.3       | Proceeds from exercise of options   | -           | -            |
| 3.4       | Transaction costs related to issues of equity securities or convertible debt securities | -           | -            |
| 3.5       | Proceeds from borrowings  | -           | -            |
| 3.6       | Repayment of borrowings   | (3)         | (9)          |
| 3.7       | Transaction costs related to loans and borrowings                                       | -           | -            |
| 3.8       | Dividends paid  | -           | -            |
| 3.9       | Other (lease liabilities)   | (81)        | (211)        |
| 3.10      | <b>Net cash from / (used in) financing activities</b>                                   | <b>(84)</b> | <b>(220)</b> |

|           |  |         |         |
|-----------|--|---------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |         |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 6,396   | 8,600   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (471)   | (1,387) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (2,069) | (3,196) |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | (84)    | (220)   |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (6<br>months) \$A'000 |
|--------------------------------------|---|----------------------------|------------------------------------|
| 4.5                                  | Effect of movement in exchange rates on cash held | (18)                       | (43)                               |
| 4.6                                  | <b>Cash and cash equivalents at end of period</b> | <b>3,754</b>               | <b>3,754</b>                       |

| 5.  | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances  | 1,698                      | 3,006                       |
| 5.2 | Call deposits  | 2,036                      | 3,536                       |
| 5.3 | Bank overdrafts  | 20                         | (146)                       |
| 5.4 | Other (provide details)  | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>3,754</b>               | <b>6,396</b>                |

| 6.  | Payments to related parties of the entity and their associates                          | Current quarter<br>\$A'000 |
|---|---|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 84                         |
| 6.2   | Aggregate amount of payments to related parties and their associates included in item 2 | -                          |
| <i>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.</i> |   |                            |

| 7.  | Financing facilities<br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   | Total facility<br>amount at quarter<br>end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|-----|---|---|---|
| 7.1 | Loan facilities   | -   | -   |
| 7.2 | Credit standby arrangements   | -   | -   |
| 7.3 | Other (please specify)<br>Bank overdraft  | 200   | 20  |
| 7.4 | <b>Total financing facilities</b>   | <b>200</b>  | <b>20</b>                                 |
| 7.5 | <b>Unused financing facilities available at quarter end</b>   |   | <b>220</b>                                |
| 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. |   |   |
|     | Standard bank overdraft account held with ANZ Bank  |   |   |

| 8.   | Estimated cash available for future operating activities   | \$A'000 |
|--|--|---------|
| 8.1  | Net cash from / (used in) operating activities (item 1.9)  | (471)   |
| 8.2  | Cash and cash equivalents at quarter end (item 4.6)  | 3,754   |
| 8.3  | Unused finance facilities available at quarter end (item 7.5)  | 220     |
| 8.4  | Total available funding (item 8.2 + item 8.3)  | 3,974   |
| 8.5  | <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 8       |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> |  |         |
| 8.6  | If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |         |
| 8.6.1  | 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?  |         |
|  | N/A  |         |
| 8.6.2  | 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? |         |
|  | N/A  |         |
| 8.6.3  | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |         |
|  | N/A  |         |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |  |         |

### 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: 26 July 2022

Authorised by: Andreas Kroell  
Chief Executive Officer

### 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.