

De.mem Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	De.mem Limited
ABN:	12 614 756 642
Reporting period:	For the half-year ended 30 June 2024
Previous period:	For the half-year ended 30 June 2023

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	9.1%	to	11,668
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	down	31.0%	to	(509)
Loss from ordinary activities after tax attributable to the owners of De.mem Limited	up	9.1%	to	(1,702)
Loss for the half-year attributable to the owners of De.mem Limited	up	9.1%	to	(1,702)

Dividends

There was no dividend paid, recommended or declared during the current financial period.

Brief explanation of above figures

Commentary on the Results for the half year ended 30 June 2024

The Company is referring to the detailed "Review of operations and financial position" section in the Consolidated Interim Financial report for a detailed analysis of the financial results.

The loss for the consolidated entity after providing for income tax amounted to \$1,702,000 (30 June 2023: \$1,560,000).

The Company's underlying EBITDA is as follows:

	Consolidated 30 June 2024 \$'000	30 June 2023 \$'000
Underlying EBITDA		
Loss before tax	(1,647)	(1,572)
Depreciation and amortisation	1,084	793
Finance costs	54	37
EBITDA	(509)	(742)
Business acquisition cost **	38	75
Share based payments	82	314
	(389)	(353)

* EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for depreciation, amortisation, interest and tax. Underlying EBITDA is EBITDA adjusted to exclude business acquisition and development costs, net fair value loss on remeasurement of contingent consideration on business combinations, share based payments and one-off business expenses. The Directors consider that these measures are useful in gaining an understanding of the performance of the entity, consistent with internal reporting.

** 30 June 2023 costs mainly include the cash portion of the first milestone payment (\$50,000) to the vendors of Stevco.

The Company is referring to the detailed "Review of operations and financial position" section in the Consolidated interim Financial report attached with Appendix 4D for the half year ended 30 June 2024.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.85	2.60

4. Controlled Entities

Parent entity	Country of Incorporation	Principal Activities	Ownership
De.mem Limited	Australia	Parent	
Name of Controlled Entity			%
De.mem-Akwa Pty Ltd	Australia	Water and waste water treatment	100.00%
Akwa Facility Maintenance Pty Ltd	Australia	Water and waste water treatment	100.00%
De.mem Pte Ltd	Singapore	Water and waste water treatment	100.00%
De.mem Vietnam Ltd	Vietnam	Technical Advisory services	100.00%
De.mem-Pumptech Pty Ltd	Australia	Water and waste water treatment	100.00%
De.mem-Geutec GmbH	Germany	Water and waste water treatment	100.00%
De.mem-Capic Pty Ltd	Australia	Water and waste water treatment products	100.00%
De.mem-Stevco Pty Ltd	Australia	Water and waste water treatment products	100.00%

Control gained over businesses

Not applicable.

5. Details of associates

Name of associate	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Aromatec Pte Ltd	31.56%	31.56%	-	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	-

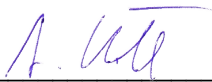
6. Independent Review Report

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Consolidated Interim Financial Report.

7. Signed

Signed



Date: 29 August 2024

Mr Andreas Kroell
Director
Melbourne

For personal use only

De.mem Limited

ABN 12 614 756 642

Consolidated Interim Financial Report - 30 June 2024

De.mem Limited
Corporate directory
30 June 2024

Directors

Cosimo Trimigliozi - Non-Executive Chairman
Andreas Kroell - Chief Executive Officer and Director
Bernd Dautel - Non-Executive Director
Michael Edwards - Non-Executive Director
Danny Conlon - Non-Executive Director
Andreas Hendrik (Harry) De Wit - Non-Executive Director

Company secretary

Mr Tony Panther

Registered office

Level 4, 96-100 Albert Road
South Melbourne VIC 3205
Australia
Phone: (03) 9692 7222

Principal place of business

Level 4, 96-100 Albert Road
South Melbourne VIC 3205
Australia
Phone: (03) 9692 7222

Share register

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia
Phone: +61 1300 554 474

Auditor

William Buck Audit (Vic) Pty Ltd
Level 20, 181 William Street
Melbourne Vic 3000
Australia
Phone: (03) 9824 8555

Solicitors

HopgoodGanim Lawyers
Level 8, Waterfront Place,
1 Eagle Street, Brisbane Qld 4000
Australia

Bankers

Australia and New Zealand Banking Group Limited - Launceston
Commonwealth Bank of Australia - Sydney
National Australia Bank - Brisbane
Westpac Bank - Perth

Stock exchange listing

De.mem Limited shares are listed on the Australian Securities Exchange
(ASX code: DEM)

Website

www.demembranes.com

De.mem Limited
Contents
30 June 2024

Directors' report	3
Auditor's independence declaration	8
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
Directors' declaration	19
Independent auditor's review report to the members of De.mem Limited	20

Review of operations and financial position

Overview

De.mem Ltd (ASX:DEM) provides a “one stop shop” offering of high-quality water and waste treatment equipment, operations & maintenance services, specialty chemicals, pumps, membranes and consumables.

The Company's focus is on industrial customers across a wide range of industries including the mining & resources, infrastructure, food & beverage/agriculture, power generation and heavy industrial sectors. It serves large multinationals as well as SME's (small and medium enterprises) through its offices in Australia (Melbourne, Brisbane, Perth, Launceston, Wodonga), Singapore and Velbert, Germany.

De.mem's business model is generating high margin, recurring revenues from industrial key accounts, from the following segments:

- Operations & Maintenance contracts, under which De.mem operates & maintains the clients' water and waste water treatment facilities.
- Build, Own, Operate (“BOO”) or Build, Own, Operate, Transfer (“BOOT”) services. Under a BOO or BOOT agreement, the equipment is provided to the customer under a leasing scheme and operated & maintained by De.mem under a long term arrangement. Based on its extended range of capabilities, the Company is uniquely positioned as a supplier of BOO/BOOT services to industrial customers in Australia.
- Specialty chemicals required in water and waste water treatment as well as in industrial processes, such as anti-scalants, membrane cleaning agents, process chemicals and flocculants & coagulants. The Company blends its specialty chemicals at its facilities in Perth, Australia, and Velbert, Germany.
- The sale of pumps, small water treatment equipment and the ongoing maintenance of the same, as well as the sale of membranes and other consumables required during the ongoing operations of industrial water and waste water treatment plants.

Equipment manufactured and sold by De.mem includes a wide range of membrane-based water and waste water treatment systems which are deployed on-site at the customer's facility. The Company's offering is backed by leading hollow-fibre membrane technology and Intellectual Property developed and manufactured at the Company's facility in Singapore. De.mem's hollow fibre membranes often serve as the key component in the Company's integrated, turn-key systems, to provide its products with strong competitive advantage.

Key hollow-fibre membrane technologies offered by De.mem comprise the Company's Ultrafiltration, hollow-fibre Nanofiltration and Graphene-Oxide enhanced membranes. For the latter, De.mem has recently received National Sanitation Foundation (NSF) certification.

H1 2024 Highlights

Cash receipts / revenue growth and recurring revenue focus drive gross margins

- Cash receipts and revenue growth of 16% and 9% resp. vs. prior corresponding period
- Share of high margin recurring revenue segments remains at >90% of total revenues
- Gross margin (gross profit divided by revenues) up to 40% (37% in HY 2023)

Underlying EBITDA loss near break-even

- Underlying EBITDA loss of \$389,000 approximately in line with prior corresponding period (June 2023: \$353,000)
- The above splits up into an EBITDA loss of approximately \$451,000 in the March Quarter of CY 2024, partially due to a loss from one larger project, and a positive EBITDA of approximately \$62,000 in the June Quarter of CY 2024

NSF certification for Graphene Oxide enhanced membrane completed in May 2024; commercial launch in USA initiated

- Received NSF certification for Graphene Oxide enhanced membrane in May 2024, following a detailed testing process that took more than two years
- Commercial launch into domestic water filtration products targeting the North American market through distribution partnership with Purafy/Canada has commenced in 2024; expecting revenues of approximately \$1.0 million within the first two years from certification from the US market

Completion and integration of two acquisitions supports strong outlook for H2 CY 2024

- Acquired the assets of Border Pumpworks, Wodonga, Victoria, business effective 1 May 2024
- Acquired Auswater Systems Pty Ltd, Perth, Western Australia effective 2 July 2024
- Both businesses are ready to contribute to cash receipts, revenues and margins in H2 CY 2024

Business Development & Operations

During H1 CY 2024, De.mem completed the manufacturing of a membrane-based water treatment system for South 32. The system was handed over in late March 2024. The \$1.6m project was originally awarded to the Company in late 2022 (see the ASX announcement dated 17 October 2022). The remaining cash receipts under the contract were collected in the second quarter of H1 CY 2024.

De.mem's strategic focus is on its recurring revenue segments, which mainly comprise the Company's Services (operations & maintenance and Build, Own, Operate) and Specialty Chemicals divisions.

Within the Services business segment, the Company continues to operate the water and waste water treatment facilities at a number of mining sites, mining accommodation camps and resorts in Queensland. Furthermore, the Company operates a number of industrial water and waste water treatment facilities under long-term Build, Own, Operate agreements in Australia and Singapore.

Within its Specialty Chemicals division, De.mem's Perth-based De.mem-Capic Pty Ltd subsidiary remains the core of the Company's business. De.mem-Capic generated revenues of approximately \$2.7m in the 6-month period ended 30 June 2024, compared to a total of \$3.3m in annual revenues prior to the acquisition of the Capic business by De.mem in April 2021.

Membrane Technology & R&D

De.mem successfully completed the NSF (American drinking water) product certification for its new Graphene-Oxide enhanced membrane technology in May 2024.

The Company has initiated the launch of the new membrane for domestic water treatment applications into the USA through the partnership with Purafy, Canada (see the ASX release dated 19 July 2022, "De.mem Signs Technology Commercialization Partnership Agreement" for further details). De.mem estimates the revenues from the new initiative at approximately \$1.0 m within the first two years from certification.

Completed the acquisition of the Border Pumpworks business during the reporting period

De.mem acquired the assets of Border Pumpworks, Wodonga, Victoria, effective 1 May 2024, for \$400,000 in cash, valuing it at approximately 4x normalized EBITDA. Border Pumpworks supplies filtration and pumping systems as well as related maintenance services to industrial customers in regional Victoria and New South Wales. Border Pumpworks generated approximately \$1.1 million in annual revenues prior to the acquisition. The regional presence and support capability adds a substantial growth and cross-sell opportunity to De.mem.

Completed Auswater Systems Pty Ltd acquisition subsequent to the reporting period

Effective 2 July 2024, De.mem acquired Auswater Systems Pty Ltd, Perth, Western Australia. The consideration is up to \$1.75 million, thereof up to \$1.54 million in cash and up to \$210,000 in DEM shares; valuing it at approximately 4x normalized EBITDA. Auswater Systems Pty Ltd services and maintains water and waste water treatment plants for more than 50 mining clients in Western Australia on a regular basis. It generated approximately \$1.5 million in annual revenues prior to the acquisition by De.mem. The combination with De.mem's existing operations in Perth through subsidiary De.mem-Capic Pty Ltd provides for a substantial opportunity to realize cost and revenue synergies.

Financials

De.mem Group cash receipts and revenues increased by 16% and 9% respectively vs. prior corresponding period, to \$13.6 million and \$11.7m respectively (H1 CY 2023: \$11.7 million cash receipts / \$10.7 million in revenues).

The vast majority of revenues in H1 CY 2024 (>90%) were derived from De.mem's recurring revenue segments, which include the Company's services (BOO and Operations & Maintenance contracts), specialty chemicals and pumps & small water treatment equipment business divisions. The recurring revenue segments comprise the revenues from the rendering of services and the sale of goods as per note 4 in the "Notes to the Consolidated Financial Statements".

Due to the focus on the high margin recurring revenue segments, gross margins (gross profit divided by revenues) increased to 40% (from 35% in CY 2022, 36% in CY 2023).

With the clear focus on growing its recurring revenue segments and Build, Own, Operate and service contracts, complemented

De.mem Limited
Directors' report
30 June 2024

by bolt-on acquisitions of profitable businesses with a strong industrial customer base, De.mem has been achieving significant revenue growth while moving towards EBITDA and operating cash flow break even. In H1 2024, De.mem recorded an underlying EBITDA loss of approximately \$389,000; This amount splits up into an EBITDA loss of approximately \$451,000 incurred in the March Quarter, mainly due to a loss from one particular project, and a positive EBITDA of approximately \$62,000 in the June quarter.

	H1 2024 \$'000	CY 2023 \$'000	CY 2022 \$'000
Loss before taxes	(1,647)	(3,119)	(3,412)
Depreciation and amortisation	1,084	1,813	1,613
Interest expenses	54	75	98
Business acquisition cost**	38	112	40
Share based payments expense	82	406	381
Doubtful debts expense	-	(40)	81
Underlying EBITDA*	(389)	(753)	(1,199)

**Underlying EBITDA is a non-IFRS earnings measure which does not have any standardized meaning defined by IFRS. Hence, it may not be comparable to EBITDA as presented by other companies. Underlying EBITDA excludes expected credit loss and interest and the effect of significant items of income and expenditure including which are considered one-off or non-recurring. These unaudited measures are important for the Company to assess its performance.*

*** 2023 costs mainly include the cash portion of the first milestone payment (\$50,000) to the vendors of Stevco.*

Net loss before taxes for the year amounted to approximately \$1.6 million during the period. The reported net loss includes:

- a number of non-cash expenses including depreciation and amortisation of \$1.1 million; and
- share based payments expense of approximately \$0.1 million.

Net assets were \$13.7 million as at 30 June 2024 (\$13.3 million as at 30 June 2023).

As of 30 June 2024, De.mem has approximately \$4.9 million in cash and term deposits. A cash payment of \$1.38 million related to the acquisition of Auswater Systems Pty Ltd was made on 2 July 2024.

Corporate

On 28 May 2024, De.mem Limited held its 2024 Annual General Meeting, with all resolutions being passed.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of De.mem Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors

The following persons were directors of De.mem Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Cosimo Trimiglozzi - Non-Executive Chairman
 Andreas Kroell - Chief Executive Officer and Director
 Bernd Dautel - Non-Executive Director
 Michael Edwards - Non-Executive Director
 Danny Conlon - Non-Executive Director
 Andreas Hendrik (Harry) De Wit - Non-Executive Director
 Stuart Carmichael - Non-Executive Director (retired on 28 May 2024)

Principal activities

De.mem Limited (ASX:DEM) is an Australian-Singaporean de-centralised water and waste water treatment business that designs, builds, owns and operates water and waste water treatment systems for its clients. Established in 2013, the Company has offices in Australia, Singapore, Vietnam and Germany.

De.mem operates in the industrial segment providing systems and solutions in particular to customers from mining, electronics, chemicals, oil and gas and food and beverage industries as well as in the municipal and residential segments. Customers include leading multinational corporations in their respective industries and municipalities and government organizations from the different countries.

Review of operations and financial position

Refer to the Review of operations and financial position in the preceding section.

Significant changes in the state of affairs

On 26 February 2024, the Company issued 18,333,168 fully paid ordinary shares (Shares) at a deemed issue price of \$0.09 (9 cents) per Share to institutional and sophisticated investors as per the Placement announced on 21 February 2024 and raised \$2.2 million before costs.

On 1 May 2024, the Company acquired some assets included under Border Pumpworks from Flotech Pty Ltd, which is based in Wodonga in regional Victoria with consideration of \$400,000 in cash. The identifiable assets acquired included \$337,700 in customer lists and \$62,300 in motor vehicles.

On 28 May 2024, Mr. Stuart Carmichael retired as Non-Executive Director of the Company.

On 12 June 2024, the Company issued 18,500,000 at \$0.10 (10 cents) per shares and raised \$1,850,000 for the purposes of financing the acquisition of Auswater. At the end of this reporting period, an additional \$250,000 (2,500,000 shares) is still pending approval via an Extraordinary General Meeting.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

Subsequent to the reporting period, the Company signed a contract on 2 July 2024 to purchase Auswater Systems Pty Ltd ("Auswater"), a Perth-based, high-margin service business that operates & maintains water and waste water treatment plants for industrial clients, including the supply of chemicals and consumables for customers' ongoing operations. The total consideration of \$1,750,000 consists of:

- Tranche 1 (completed on 2 July 2024): \$1,380,000 in cash plus \$120,000 in company's shares (based on 20 day weighted average share price)
- Tranche 2 (payable after 12 months from completion): \$110,000 in cash plus \$40,000 in company's shares (based on 20 day weighted average share price prior to the respective date in 12 months)
- If revenue increase by Auswater of at least 15% in the first 12 months after completion (relative to the 12 months prior to completion), \$25,000 in cash plus \$25,000 in the Company's shares (based on 20 day weighted average share price prior to the respective date in 12 months)
- If revenue increase by Auswater of at least 30% in the second 12 months after completion (relative to the 12 months prior to completion), \$25,000 in cash plus \$25,000 in DEM shares (based on 20 day weighted average share price prior to the respective date in 24 months)

On 20 August 2024, an Extraordinary General Meeting was held to approve and confirm the allotment and issue of the remaining 2,500,000 fully paid ordinary shares in the Company at an issue price of \$0.10 cents per share to the Company's directors.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

De.mem Limited
Directors' report
30 June 2024

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001. The directors have the power to amend and reissue the financial statements.

On behalf of the directors



Mr Andreas Kroell
Director

29 August 2024
Melbourne

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of De.mem Limited

As lead auditor for the review of De.mem Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of De.mem Limited and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt

R. P. Burt
Director
Melbourne, 29 August 2024

De.mem Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$'000	\$'000
Revenue	4	11,668	10,692
Cost of sales		(6,966)	(6,710)
Gross profit		4,702	3,982
Other income		49	59
Finance income		-	34
Administrative and corporate expenses		(5,178)	(4,503)
Depreciation and amortisation		(1,084)	(793)
Finance costs		(54)	(37)
Share based payments		(82)	(314)
Loss before income tax (expense)/benefit		(1,647)	(1,572)
Income tax (expense)/benefit		(55)	12
Loss after income tax (expense)/benefit for the half-year attributable to the owners of De.mem Limited		(1,702)	(1,560)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		31	114
Other comprehensive income for the half-year, net of tax		31	114
Total comprehensive loss for the half-year attributable to the owners of De.mem Limited		(1,671)	(1,446)
		Cents	Cents
Basic loss per share	10	(0.66)	(0.64)
Diluted loss per share	10	(0.66)	(0.64)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

De.mem Limited
Consolidated statement of financial position
As at 30 June 2024

		Consolidated	31 December
	Note	30 June 2024	2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	5	4,921	2,403
Trade and other receivables		3,399	3,384
Inventories		1,356	1,060
Prepayments and other assets		399	321
Contract assets		434	841
Total current assets		<u>10,509</u>	<u>8,009</u>
Non-current assets			
Term deposits		50	100
Property, plant and equipment		3,579	3,859
Right-of-use assets		1,258	1,290
Intangibles	6	<u>5,461</u>	<u>5,442</u>
Total non-current assets		<u>10,348</u>	<u>10,691</u>
Total assets		<u>20,857</u>	<u>18,700</u>
Liabilities			
Current liabilities			
Trade and other payables		3,381	3,499
Contract liabilities		310	294
Borrowings		169	99
Lease liabilities		513	654
Employee benefits		1,160	1,022
Total current liabilities		<u>5,533</u>	<u>5,568</u>
Non-current liabilities			
Contract liabilities		630	630
Borrowings		230	-
Lease liabilities		747	895
Employee benefits		36	34
Total non-current liabilities		<u>1,643</u>	<u>1,559</u>
Total liabilities		<u>7,176</u>	<u>7,127</u>
Net assets		<u>13,681</u>	<u>11,573</u>
Equity			
Issued capital	7	43,084	39,357
Reserves		1,318	1,235
Accumulated losses		<u>(30,721)</u>	<u>(29,019)</u>
Total equity		<u>13,681</u>	<u>11,573</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

De.mem Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2024

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Acquisition reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2023	39,238	362	810	(291)	(25,804)	14,315
Loss after income tax benefit for the half-year	-	-	-	-	(1,560)	(1,560)
Other comprehensive income for the half-year, net of tax	-	114	-	-	-	114
Total comprehensive income/(loss) for the half-year	-	114	-	-	(1,560)	(1,446)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	50	-	-	-	-	50
Shares issued for acquisition of Capic business	49	-	-	-	-	49
Vesting charge for share based payments	-	-	314	-	-	314
Expired options	-	-	(210)	-	210	-
Balance at 30 June 2023	<u>39,337</u>	<u>476</u>	<u>914</u>	<u>(291)</u>	<u>(27,154)</u>	<u>13,282</u>

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2024	39,357	268	967	(29,019)	11,573
Loss after income tax expense for the half-year	-	-	-	(1,702)	(1,702)
Other comprehensive income for the half-year, net of tax	-	31	-	-	31
Total comprehensive income/(loss) for the half-year	-	31	-	(1,702)	(1,671)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 7)	3,727	-	-	-	3,727
Vesting charge for share based payments	-	-	52	-	52
Balance at 30 June 2024	<u>43,084</u>	<u>299</u>	<u>1,019</u>	<u>(30,721)</u>	<u>13,681</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

De.mem Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		13,570	11,685
Payments to suppliers and employees (inclusive of GST)		(13,800)	(11,986)
Total outflows		(230)	(301)
Interest received		22	34
Transaction costs relating to Border Pumpworks asset acquisition		(9)	-
Interest and other finance costs paid		(45)	(37)
Income taxes refunded/(paid)		19	(4)
Net cash used in operating activities		(243)	(308)
Cash flows from investing activities			
Payment for purchase of Stevco, net of cash acquired		-	(124)
Payment for purchase of Border Pumpworks assets	9	(400)	-
Payments for property, plant and equipment		(137)	(621)
Payments for intangibles		(85)	(97)
(Investment in)/proceeds from settlement of term deposits		-	153
Proceeds from disposal of property, plant and equipment		11	-
Net cash used in investing activities		(611)	(689)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	7	3,727	-
Proceeds from borrowings		-	12
Principal elements of lease payments		(360)	(191)
Net cash from/(used in) financing activities		3,367	(179)
Net increase/(decrease) in cash and cash equivalents		2,513	(1,176)
Cash and cash equivalents at the beginning of the financial half-year		2,403	5,138
Effects of exchange rate changes on cash and cash equivalents		5	23
Cash and cash equivalents at the end of the financial half-year		<u>4,921</u>	<u>3,985</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

De.mem Limited
Notes to the consolidated financial statements
30 June 2024

Note 1. General information

The financial statements cover De.mem Limited as a consolidated entity consisting of De.mem Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is De.mem Limited's functional and presentation currency.

De.mem Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 96-100 Albert Road
South Melbourne VIC 3205
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the Directors in order to allocate resources to the segment and to assess its performance. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies. The following tables are an analysis of the consolidated entity's revenue and results by reportable segment provided to the Directors.

De.mem Limited
Notes to the consolidated financial statements
30 June 2024

Note 3. Segment Reporting (continued)

Operating segment information

Consolidated - 30 June 2024	Singapore \$'000	Australia \$'000	Germany \$'000	Other \$'000	Total \$'000
Revenue					
Revenue from external customers	510	9,533	1,670	-	11,713
Intersegment revenue	(45)	-	-	-	(45)
Total revenue	<u>465</u>	<u>9,533</u>	<u>1,670</u>	<u>-</u>	<u>11,668</u>
EBITDA	(128)	95	83	(457)	(407)
Depreciation and amortisation	(179)	(526)	(28)	(351)	(1,084)
Expected credit loss	-	9	-	-	9
Business acquisition cost	-	-	(27)	(11)	(38)
Interest revenue	-	2	-	7	9
Finance costs	(6)	(48)	-	-	(54)
Share based payments expense	-	-	-	(82)	(82)
Profit/(loss) before income tax expense	<u>(313)</u>	<u>(468)</u>	<u>28</u>	<u>(894)</u>	<u>(1,647)</u>
Income tax expense					(55)
Loss after income tax expense					<u>(1,702)</u>
Assets					
Segment assets	2,982	7,102	1,051	31,778	42,913
Intersegment eliminations					(22,056)
Total assets					<u>20,857</u>
Liabilities					
Segment liabilities	1,419	14,485	527	526	16,957
Intersegment eliminations					(9,781)
Total liabilities					<u>7,176</u>

De.mem Limited
Notes to the consolidated financial statements
30 June 2024

Note 3. Segment Reporting (continued)

	Singapore \$'000	Australia \$'000	Germany \$'000	Other \$'000	Total \$'000
Consolidated - 30 June 2023					
Revenue					
Revenue from external customers	352	8,914	1,445	-	10,711
Intersegment revenue	(19)	-	-	-	(19)
Total revenue	<u>333</u>	<u>8,914</u>	<u>1,445</u>	<u>-</u>	<u>10,692</u>
EBITDA	(100)	139	129	(554)	(386)
Depreciation and amortisation	(144)	(272)	(27)	(350)	(793)
Business acquisition cost	-	-	-	(75)	(75)
Interest revenue	-	5	-	28	33
Finance costs	(2)	(35)	-	-	(37)
Share based payments expense	-	-	-	(314)	(314)
Profit/(loss) before income tax benefit	<u>(246)</u>	<u>(163)</u>	<u>102</u>	<u>(1,265)</u>	<u>(1,572)</u>
Income tax benefit					12
Loss after income tax benefit					<u>(1,560)</u>
Consolidated - 31 December 2023					
Assets					
Segment assets	2,696	12,361	986	28,356	44,399
Intersegment eliminations					(25,699)
Total assets					<u>18,700</u>
Liabilities					
Segment liabilities	889	18,914	487	264	20,554
Intersegment eliminations					(13,427)
Total liabilities					<u>7,127</u>

Note 4. Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Rendering of services \$'000	Sale of goods \$'000	Projects and equipment \$'000	Total \$'000
Consolidated - 30 June 2024				
<i>Geographical regions</i>				
Australia	1,427	7,191	871	9,489
Singapore	510	-	-	510
Germany	117	1,401	151	1,669
	<u>2,054</u>	<u>8,592</u>	<u>1,022</u>	<u>11,668</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	-	8,592	-	8,592
Services transferred over time	2,054	-	1,022	3,076
	<u>2,054</u>	<u>8,592</u>	<u>1,022</u>	<u>11,668</u>

De.mem Limited
Notes to the consolidated financial statements
30 June 2024

Note 4. Revenue (continued)

Consolidated - 30 June 2023

Geographical regions

	Rendering of services \$'000	Sale of goods \$'000	Projects and equipment \$'000	Total \$'000
Australia	1,797	5,838	1,279	8,914
Singapore	333	-	-	333
Germany	123	1,235	87	1,445
	<u>2,253</u>	<u>7,073</u>	<u>1,366</u>	<u>10,692</u>

Timing of revenue recognition

Goods transferred at a point in time	-	7,073	-	7,073
Services transferred over time	<u>2,253</u>	<u>-</u>	<u>1,366</u>	<u>3,619</u>
	<u>2,253</u>	<u>7,073</u>	<u>1,366</u>	<u>10,692</u>

Note 5. Cash and cash equivalents

	Consolidated 30 June 2024 \$'000	31 December 2023 \$'000
<i>Current assets</i>		
Cash at bank	3,321	2,403
Cash on deposit	<u>1,600</u>	<u>-</u>
	<u>4,921</u>	<u>2,403</u>

Note 6. Intangibles

Non-current assets

	Consolidated 30 June 2024 \$'000	31 December 2023 \$'000
Development - at cost	551	466
Less: Accumulated amortisation	<u>(26)</u>	<u>-</u>
	<u>525</u>	<u>466</u>
Software - at cost	77	77
Less: Accumulated amortisation	<u>(66)</u>	<u>(65)</u>
	<u>11</u>	<u>12</u>
Customer relationships	7,168	7,009
Less: Accumulated amortisation	<u>(2,243)</u>	<u>(2,045)</u>
	<u>4,925</u>	<u>4,964</u>
	<u>5,461</u>	<u>5,442</u>

De.mem Limited
Notes to the consolidated financial statements
30 June 2024

Note 7. Issued capital

	Consolidated		
	30 June 2024	31 December 2023	31 December 2023
	Shares	Shares	\$'000
Ordinary shares - fully paid	<u>288,250,648</u>	<u>245,306,369</u>	<u>43,084</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2024	245,306,369		39,357
Placement	26 February 2024	18,333,168	\$0.09	1,650
Placement	12 June 2024	18,500,000	\$0.10	1,850
Placement	28 June 2024	6,111,111	\$0.09	550
Capital raising costs		-		(323)
Balance	30 June 2024	<u>288,250,648</u>		<u>43,084</u>

Note 8. Contingent liabilities

As at 30 June 2024 there is a total of \$136,000 (2023: \$94,000) being held in current term deposits, representing bank warranties relating to a project and the completion of the defect liability period and bank guarantees for lease obligations.

Note 9. Acquisition of assets

On 30 April 2024, De.mem announced that it had entered into a binding agreement to acquire Border Pumpworks for a cash consideration of \$400,000. The transaction was completed on 1 May 2024. The identifiable assets acquired included \$337,700 in customer lists and \$62,300 in motor vehicles which were recorded under intangible assets and property, plant, and equipment, respectively. The Group has assessed the useful life of the customer lists and has chosen to amortise this balance over a 24-month period.

Note 10. Loss per share

	Consolidated	30 June 2023
	30 June 2024	\$'000
Loss after income tax attributable to the owners of De.mem Limited	<u>(1,702)</u>	<u>(1,560)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>259,715,485</u>	<u>245,535,049</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>259,715,485</u>	<u>245,535,049</u>
	Cents	Cents
Basic loss per share	(0.66)	(0.64)
Diluted loss per share	(0.66)	(0.64)

As at 30 June 2024, the Group has 9,860,000 unlisted options (30 June 2023: 9,860,000) and NIL performance rights (30 June 2023: NIL) on issue. These options are considered to be non-dilutive whilst the Group is in a loss position.

Note 11. Events after the reporting period

Subsequent to the reporting period, the Company signed a contract on 2 July 2024 to purchase Auswater Systems Pty Ltd ("Auswater"), a Perth-based, high-margin service business that operates & maintains water and waste water treatment plants for industrial clients, including the supply of chemicals and consumables for customers' ongoing operations. The total consideration of \$1,750,000 consists of:

- Tranche 1 (completed on 2 July 2024): \$1,380,000 in cash plus \$120,000 in company's shares (based on 20 day weighted average share price)
- Tranche 2 (payable after 12 months from completion): \$110,000 in cash plus \$40,000 in company's shares (based on 20 day weighted average share price prior to the respective date in 12 months)
- If revenue increase by Auswater of at least 15% in the first 12 months after completion (relative to the 12 months prior to completion), \$25,000 in cash plus \$25,000 in the Company's shares (based on 20 day weighted average share price prior to the respective date in 12 months)
- If revenue increase by Auswater of at least 30% in the second 12 months after completion (relative to the 12 months prior to completion), \$25,000 in cash plus \$25,000 in DEM shares (based on 20 day weighted average share price prior to the respective date in 24 months)

On 20 August 2024, an Extraordinary General Meeting was held to approve and confirm the allotment and issue of the remaining 2,500,000 fully paid ordinary shares in the Company at an issue price of \$0.10 cents per share to the Company's directors.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

De.mem Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- The consolidated interim financial statements and notes comply with the Corporations Act 2001, and Australian Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Andreas Kroell
Director

29 August 2024
Melbourne

Independent auditor's review report to the members of De.mem Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of De.mem Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



R. P. Burt
Director

Melbourne, 29 August 2024