

## 30 JUNE 2025 QUARTERLY ACTIVITIES REPORT: CASH FLOW POSITIVE WITH RECORD CASH RECEIPTS

**29 July 2025:** Industrial water and wastewater treatment company De.mem Limited (ASX: DEM) ("De.mem" or "the Company") is pleased to report record June Quarter 2025 results.

### KEY HIGHLIGHTS

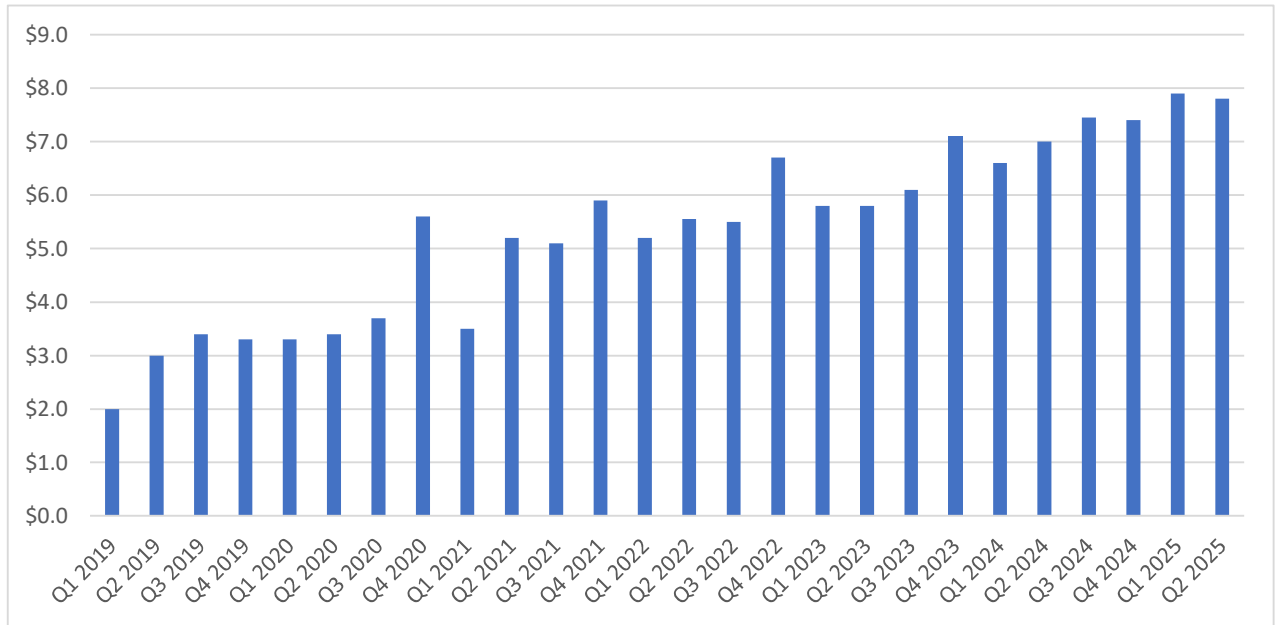
- **Quarterly cash receipts** of approx. \$7.8 million – second highest quarterly cash receipts ever recorded in company history.
- **Record cash receipts of \$15.7m in the 6 months ended 30 June 2025**, a 16% increase vs prior corresponding period ("pcp").
- **Continued and stable growth momentum**, with 25 successive quarters of cash receipts growth versus pcp.
- **Fourth consecutive quarter of positive quarterly operating cash flows** of \$533,000, with over 90% recurring cash receipts.
- **Total of \$1,515,000 in operating cash flows generated over the last 12 months.**
- **Domestic water treatment product launch continuing**, with sales partnerships in Indonesia, China and Japan and Australian Watermark certification process initiated.
- **Strong and increasing cash balance of approx. \$4.0m as of 30 June 2025** (31 March 2025: \$3.7m, 31 December 2024: \$3.6m).
- **On track for record full calendar year 2025 results.**

### Record results

De.mem is delighted to report the following record results:

- June Quarter 2025 cash receipts of approximately \$7.8m are the second highest quarterly cash receipts ever recorded in the Company's history.
- Record half calendar year 2025 cash receipts of \$15.7m represents growth of 16% (vs pcp), which is more than 4x the average annual revenue growth rate of 3.5% for the industry (as measured by the Baird water technology index, which combines 12 large water focused manufacturers that are representative of the broader water sector, and reported in the Baird, Global Water Sector Update, Q1 2024).
- Record cash receipts compound annual growth rate (CAGR) of approximately 26% over the last 6 years.
- Record quarterly cash receipts growth momentum, with 25 consecutive quarters of cash receipts growth vs pcp, despite the Covid-19 pandemic in CY2020-21 and slowing global growth in CY2022-23.

**CHART 1: RECORD 25 QUARTERS OF CASH RECEIPTS GROWTH (A\$M) VS. PCP**



**Positive quarterly operating cash flows for the fourth consecutive quarter**

De.mem is pleased to report positive operating cash flows of \$533,000 for the June Quarter 2025.

The result is based on the strong performance of the Australian operating entities.

While delivering operating cash flow positive, De.mem continued to invest approx. \$130,000 into its Singapore subsidiary during the June Quarter 2025. The Singapore entity is predominantly engaged into the development and commercialization of the Company's new membrane technologies (see further details below).

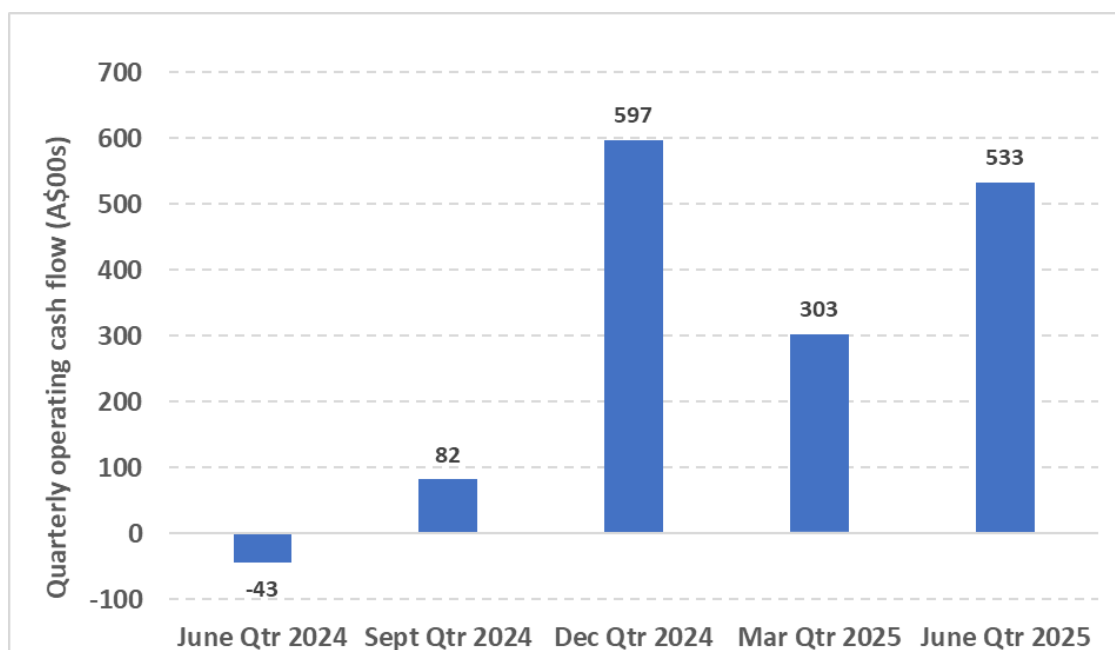
Please see the Appendix 4C attached to this release for further details regarding the incoming and outgoing payments.

**Total of \$1,515,000\* in operating cash flows generated over last 12 months**

The strong result of \$533,000 in operating cash flows generated in the June Quarter 2025 follows \$303,000 in operating cash flows reported for the March Quarter 2025, \$597,000\* reported for the December Quarter 2024, and \$82,000 reported for the September Quarter 2024.

Over the last 12 months, De.mem generated a total of \$1,515,000\* in operating cash flows. The Company also first achieved operating cash flow positive for the full calendar year CY2024 and has maintained its positive cashflow momentum since that time.

CHART 2: QUARTERLY OPERATING CASH FLOWS\*



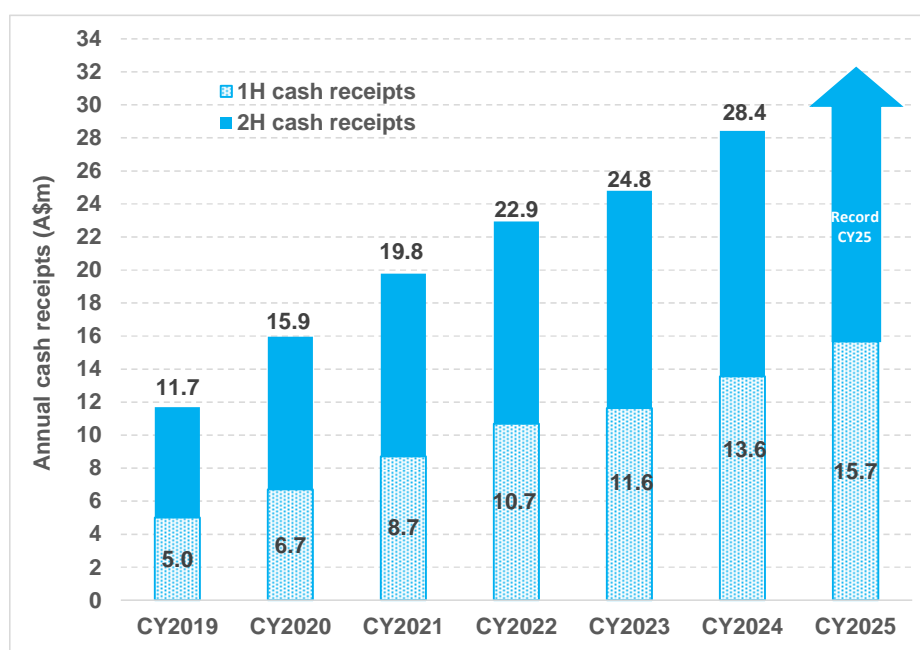
\*Net operating cash flows as stated in the audited financial statements (see ASX release "CY 2024 Consolidated Financial Report" dated 27 February 2025 for details).

### Strong first half performance supports record full-year outlook

The strong first half results support the record full calendar year 2025 outlook.

The first half results are remarkable as the calendar year first half is typically slightly weaker than the remaining quarters due mostly to reduced corporate orders during the Christmas-New Year holiday season. Historically, for the calendar years 2022 to 2024, the first half of each calendar year generated between 46% and 48% of total annual cash receipts.

CHART 3: RECORD FULL CALENDAR YEAR CASH RECEIPTS OUTLOOK \*



## **Recurring cash receipts underpin strong outlook**

Approximately 90% of De.mem's cash receipts are recurring, which underpins the Company's strong growth momentum and record outlook for CY 2025.

Recurring revenue segments comprise the following:

- The provision of water and waste water treatment services i.e. through the following:
  - Long term Build, Own, Operate ("BOO") and Operations & Maintenance ("O&M") contracts.
  - Regular maintenance work on water treatment equipment.
  - Maintenance of pumps.
- Specialty chemicals sales.
- Sales of small equipment and consumables.
- Membrane replacement sales into existing industrial facilities.
- Sale of domestic water treatment systems and replacement of membrane cartridges.

## **Premium offering drives continuous margin growth**

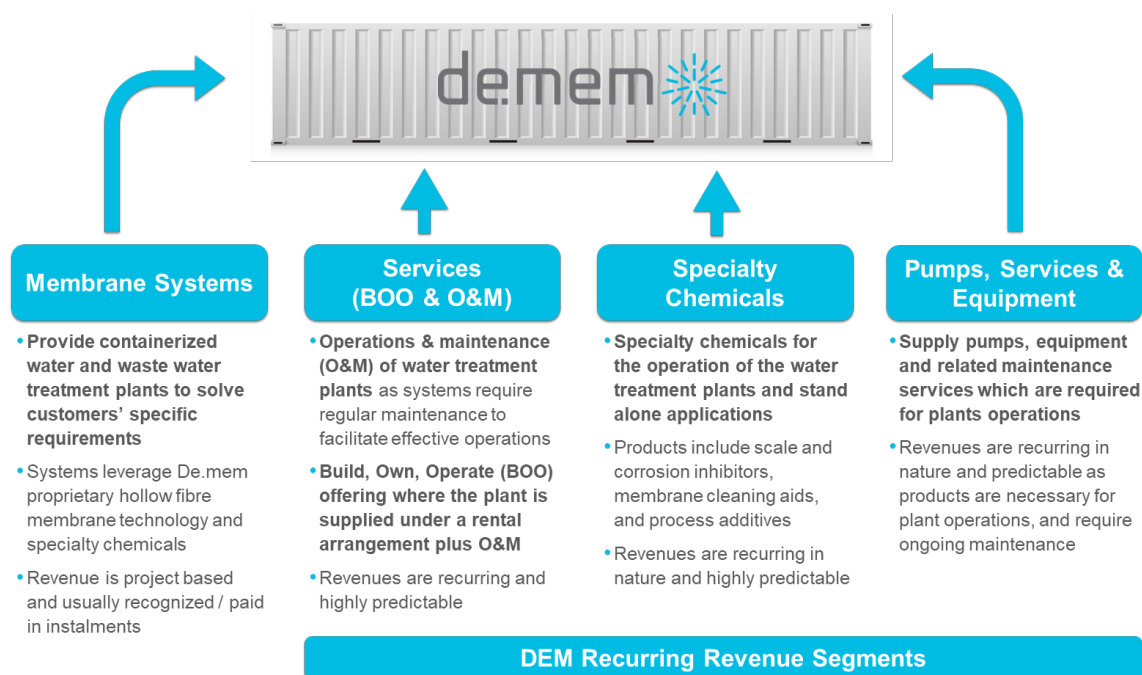
De.mem's vision is to be the leading international supplier of water treatment solutions to industrial and residential customers.

For residential customers, De.mem offers its membrane products for domestic water treatment applications – a large and growing segment of the global water treatment market. See below commentary, "*Domestic water filtration market entry in progress*".

For industrial customers, De.mem's vision is to be the leading supplier of de-centralized, industrial water treatment solutions and associated services. The Company's business focuses on providing a high quality, "one stop shop" water and waste water treatment offering to multi-site industrial customers, including leading corporations such as Rio Tinto and South 32 from the mining sector and Givaudan from the food & beverage segment.

The comprehensive offering, backed by innovative membrane technology (see section below) is unique within a highly fragmented market for de-centralized (ie. containerized, flexible solutions deployed at the water source) industrial water treatment.

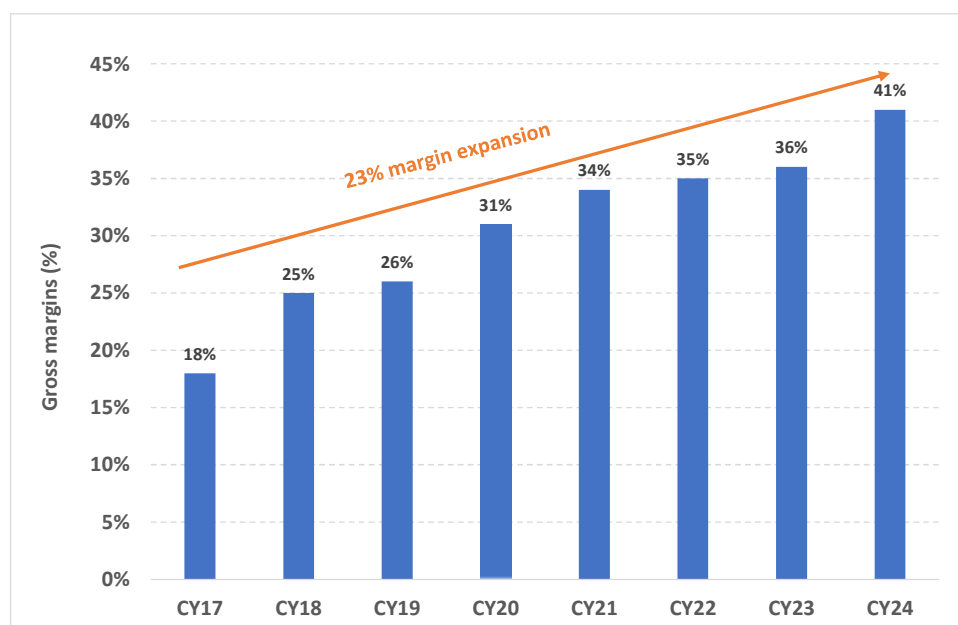
**IMAGE 1: DE.MEM BUSINESS SEGMENTS & COMPREHENSIVE OFFERING**



The Company's strategy has focused on growing its recurring revenue segments by building long-term industrial key accounts. Recurring revenues now account for approx. 90% of overall revenues. The "Services" and "Specialty Chemicals" segments deliver strong gross margins, resulting in an above industry and increasing gross margin profile.

De.mem's gross margins have increased from 18% in CY 2017 to 36% in CY 2023, and a record 41% in CY 2024. The Company's gross margin of 41% in CY 2024 exceeds the average industry gross margin of 38.7% as measured by the Baird water technology index, which combines 12 representative large water-sector focused manufacturers (source: Baird, Global Water Sector Update, Q1 2024).

**CHART 4: GROSS MARGIN (IN % OF REVENUES)**



## **World leading membrane technology provides strong competitive advantage**

De.mem has a strong competitive advantage of innovative, proprietary technologies, 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 wastewater treatment systems or its Build, Own, Operate and service contracts, and in combination with its 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, Graphene Oxide ("GO") enhanced polymer membranes, with substantially improved filtration characteristics such as up to 40% higher water flux (throughput), leading to significantly reduced operating cost for the water treatment process.

### **De.mem's standardized Ultrafiltration membrane systems product range**

De.mem's new range of small, standardized Ultrafiltration membrane systems – incorporating the GO enhanced membrane as the key component – was introduced to the market on 13 November 2024 (see ASX release, "*De.mem advances membrane technology product offering*").

The unique elements of the new Ultrafiltration (UF) systems are:

- Deploying De.mem's NSF certified Graphene Oxide (GO) enhanced Ultrafiltration membrane as their key component.
- Compact design thanks to high throughput of membrane.
- Robust and easy to install and use.
- Designed for residential, municipal and small industrial applications.
- All components are fully NSF certified.
- Accelerated volume treatment rates, of up to 1m<sup>3</sup> (1,000 liters) of water per hour.

These systems cater to both residential drinking water and industrial wastewater applications, ensuring versatile solutions for diverse market needs.

**IMAGE 2: De.mem compact Ultrafiltration (UF) System for deployment under the kitchen sink**



**IMAGE 3: De.mem compact UF System for volumes of up to 1,000l/hr**



### Domestic water filtration market entry in progress

De.mem also offers its membrane products for domestic water treatment applications – a large and growing segment of the global water treatment market.

The global domestic water filtration market was estimated at US\$12.1 billion in 2022 and is expected to grow by 10.5% per annum to US\$26.7 billion by 2030 (source: *Grand View Research, November 2022*). The Asia-Pacific region accounts for the largest share in the overall market for domestic water filters.

On 9 May 2024, the Company announced its formal USA National Sanitation Foundation (NSF) certification under NSF Standard 53 for the Company's GO enhanced membrane technology (see ASX release "*Graphene Oxide enhanced membrane - NSF formal certification*", 9 May 2024). The certification is required for the deployment of the membrane in potable or drinking water applications in the USA and many other countries.

In North America, De.mem commercialises the new Graphene Oxide enhanced membranes through its sales distribution partnership with Purafy Clean Technologies, Kingston, Ontario, Canada (see ASX release, "*De.mem signs technology commercialization partnership agreement*", 19 July 2022).

During the March Quarter 2025, De.mem announced a new distribution partnership with Fimbase Singapore. Under the agreement, Fimbase Singapore gains non-exclusive rights to distribute De.mem's standardized filtration systems to customers in China, Indonesia and Japan. See ASX release, "*De.mem announces strategic distribution agreement for key Asian markets*", dated 11 February 2025, for further details.

De.mem also received its first order for the new Ultrafiltration systems from Firmbase Singapore worth approximately \$15,000 in revenues. While not material relative to De.mem's annual revenues, the order represents a significant milestone as it marks successful entry into the substantial Chinese market.

### **New product trial initiated for Indonesia**

During the June Quarter 2025, De.mem supplied a number of its standardized Ultrafiltration systems to a customer in Indonesia, for a trial for domestic water filtration applications. If successful, De.mem expects an initial follow-on order in the range between \$100,000-\$200,000, and potential for further orders beyond.

### **Australian Watermark certification process initiated**

In the month of June 2025, De.mem initiated the WaterMark certification process. WaterMark refers to a mandatory Australian product certification scheme for plumbing and drainage products. It ensures these products are safe, fit for purpose, and meet relevant Australian standards before they can be legally used in plumbing and drainage systems.

Subject to the successful completion of the certification, De.mem intends to launch its products into drinking water applications in Australia.

### **Continues strong acquisition value-add track record**

De.mem successfully integrated its two recent acquisitions, Border Pumpworks and Auswater Systems. In H1 CY2025, the two entities contributed approximately \$2m in cash receipts to the group. Annualized, this is approx. 67% above the combined revenues of the two entities of \$2.4m per annum prior to the acquisition.

The acquisition of Border Pumpworks, based in Wodonga/regional Victoria, was completed on 1 May 2024 (see ASX release dated 29 April 2024). Border Pumpworks has been operating since 1992, servicing and supplying pumps and small water treatment systems to mainly industrial customers in regional Victoria and New South Wales.

Auswater Systems, based in Perth, Western Australia, was completed on 1 July 2024 (see the ASX Investor Presentation dated 3 June 2024). Auswater Systems has an operating history of 29 years and services water and waste water treatment systems on behalf of more than 50 recurring clients, mainly from the Western Australian mining industry.

De.mem has a strong acquisition track record, reporting 69% revenue growth across 4 acquisitions since 2019 (excluding the two above; see the ASX Investor Presentation dated 20 May 2025, page 7).

The Company operates in a highly fragmented sector, with several niche, local operators. These smaller operators are unable to compete with De.mem's national reach, proprietary



technologies, technical capabilities and “one stop shop” offering, which includes pumps, chemicals, proprietary membrane technology, and filters.

The positive operating cashflow reported for now four consecutive quarters and for the full Calendar Year 2024 (see above) is an important milestone as it helps to position De.mem to potentially access debt finance for future acquisitions, which would enable a higher return on equity in any potential future acquisitions.

## **Record Outlook for CY 2025**

De.mem is on track for record full-year results in CY2025, given the following:

- Record first half CY2025 cash receipts.
- Strong growth momentum, with:
  - 16% H1 2025 cash receipts growth vs pcg;
  - 26% CAGR in cash receipts over the past 6 years; and
  - continued double-digit percentage organic growth momentum.
- Approx. 90% of cash receipts being recurring, providing cashflow visibility.
- The transition to positive operating cash flows over the last 4 quarters allowing further growth reinvestment.
- Further upside from the integration of the recent Border Pumpworks and Auswater Systems acquisitions, noting that the two acquisitions had only been contributing to the financials from approx. mid-year 2024.
- Revenue contribution from the Company’s domestic water filtration products.
- Continued cross-sell of high-margin products across the Company’s national business portfolio, also driving margins.
- Potential access to debt finance to enhance return on equity (ROE), based on the positive operating cashflow reported.

## **CEO Commentary**

De.mem Chief Executive Officer Andreas Kroell said:

*“I am pleased to report the fourth consecutive quarter of positive net operating cash flows, along with the second highest quarterly cash receipts in company history.*

*We have successfully delivered on our strategy of providing innovative, proprietary water and waste water treatment services to industrial customers, backed by leading technology, as demonstrated by our company generating approximately \$1.5m in positive operating cash flows over the last 12 months.*

*Our strong March and June Quarter 2025 performance puts the Company on track for record full CY 2025 results. We look forward to continuing to deliver for our shareholders and customers”.*

## **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 headquartered, international decentralized 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 offers a "one-stop-shop" of equipment, services, chemicals and consumables to its clients, for the ongoing operations of their water and wastewater treatment plants.

De.mem's technology to treat water and wastewater is among the most advanced globally. The Company commercialises an array of innovative proprietary hollow-fibre membrane technologies. De.mem has been partnering with Nanyang Technological University (NTU) in Singapore, a world leader in membrane and water research.

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

<b>Name of entity</b>
De.mem Limited

<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
12 614 756 642	30 Jun 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,760	15,668
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,576)	(9,216)
(c) advertising and marketing	(43)	(85)
(d) leased assets	-	-
(e) staff costs	(2,159)	(4,525)
(f) administration and corporate costs	(476)	(1,074)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	27
1.5 Interest and other costs of finance paid	(3)	(17)
1.6 Income taxes paid	(3)	23
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	20	35
<b>1.9 Net cash from / (used in) operating activities</b>	<b>533</b>	<b>836</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) businesses	(46)	(60)
(b) property, plant and equipment	(21)	(53)
(c) investments	-	(7)
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	38
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
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>(67)</b>	<b>(82)</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	(29)	(60)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities)	(224)	(384)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(253)</b>	<b>(444)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
	Net Cash and equivalents at beginning of quarter/year to date.	3,743	3,632
4.2	Net cash from / (used in) operating activities (item 1.9 above)	533	836

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(67)	(82)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(253)	(444)
4.5	Effect of movement in exchange rates on cash held	19	33
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,975</b>	<b>3,975</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,020	2,932
5.2	Call deposits	955	811
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,975</b>	<b>3,743</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	100
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>		

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	533
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,975
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,975
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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?	
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?	
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?	
<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: 29 July 2025

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.