# De.mem Limited

**ABN 12 614 756 642**

## Consolidated Financial Report - 31 December 2023

**De.mem Limited**
**Corporate directory**
**31 December 2023**

| | |
|---|---|
| Directors | Cosimo Trimigliozzi - Non-Executive Chairman<br>Andreas Kroell - Chief Executive Officer and Director<br>Bernd Dautel - Non-Executive Director<br>Stuart Carmichael - Non-Executive Director<br>Michael Edwards - Non-Executive Director<br>Mr Danny Conlon - Non-Executive Director<br>Andreas Hendrik (Harry) De Wit - Non-Executive Director |
| Company Secretary | Mr Tony Panther |
| Registered office | Level 4, 96-100 Albert Road<br>South Melbourne VIC 3205<br>Australia<br>Phone: (03) 9692 7222 |
| Principal place of business | Level 4, 96-100 Albert Road<br>South Melbourne VIC 3205<br>Australia<br>Phone: (03) 9692 7222 |
| Share register | Link Market Services Limited<br>Level 12, 680 George Street<br>Sydney NSW 2000<br>Australia<br>Phone: +61 1300 554 474 |
| Auditor | William Buck<br>Level 20, 181 William Street<br>Melbourne Vic 3000<br>Australia<br>Phone: (03) 9824 8555 |
| Solicitors | HopgoodGanim Lawyers<br>Level 8, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000<br>Australia |
| Bankers | Australia and New Zealand Banking Group Limited - Launceston<br>Commonwealth Bank of Australia - Sydney<br>National Australia Bank - Brisbane<br>Westpac Bank - Perth |
| Stock exchange listing | De.mem Limited shares are listed on the Australian Securities Exchange (ASX code: DEM) |
| Website | www.demembranes.com |

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 year ended 31 December 2023.

## Review of operations

### Overview

De.mem Ltd (ASX:DEM) provides a “one stop shop” offering around high-quality water and waste treatment equipment, services, specialty chemicals, pumps and consumables. The Company’s focus is on industrial customers across a wide range of industries including the mining & resources, infrastructure, food & beverage/agriculture and heavy industrial sectors.

The company serves large multinationals as well as SMEs (small and medium enterprises) through its offices in Australia (Melbourne, Brisbane, Perth, Launceston), Singapore and Velbert, Germany.

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. De.mem’s de-centralised solutions are typically containerised, packaged and/or with modular design, for easy transport to and turn-key deployment at the customer site.

De.mem offers Operations & Maintenance services as well as a Build, Own, Operate (“BOO”) or Build, Own, Operate, Transfer (“BOOT”) option. 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.

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, Graphene-Oxide enhanced and hollow-fibre Nanofiltration membranes.

De.mem’s product and services range is complemented by specialty chemicals such as anti-scalants, corrosion inhibitors, de- and antifoamers, membrane cleaners or flocculants & coagulants, which are typically required during the ongoing operations of membrane-based water treatment plants. The Company blends its specialty chemicals at its facilities in Perth, Australia, and Velbert, Germany.

### 2023 Highlights

During the year, De.mem made substantial progress and delivered on key business milestones.

*Cash Receipts / Revenue growth*

- Revenues increased by 19% to $23.4 million (2022: $19.6 million)
- Cash receipts increased by 8% to $24.8 million (2022: $22.9 million)
- As of 31 December 2023, the company has recorded 19 successive quarters of cash receipts growth vs. prior corresponding period

*Transition to recurring revenue segments drives growth and margins*

- High-margin recurring revenue segments contributed approx. 85% of total revenues
- In absolute numbers, recurring revenues up from approx. $18.1 million in 2022 to approx. $20.0 million in 2023 – corresponding to 10% year-on-year growth
- Gross margin up from 25% in 2018 and 35% in 2022 to 36% in 2023

*Substantially improved EBITDA loss*

- Adjusted EBITDA loss for the year 2023 reduced to approx. $0.75 million, from $1.2 million in 2022 and $2.2 million in 2021 (Adjusted EBITDA = EBITDA less business acquisition cost, share based payments expense, and other one-off items; for further details please see section below)

*Strong operational progress with milestone contracts announced*

- $1.6 million contract award for the supply of a membrane-based water treatment plant to South 32 – system delivered to site prior to year end 2023 and commissioning / handover scheduled for H1 2024
- $2.1 million Build, Own, Operate contract with Givaudan (Singapore) to supply and operate a membrane based waste water treatment plant for industrial waste water treatment in Singapore – commissioned during 2023 and generating revenue since then
- $1 million Build, Own, Operate contract with the Selwyn Snow Resort (Australia) to supply and monitor a membrane based waste water treatment plant to treat and re-use waste water generated by the resort – commissioned during 2023 and generating revenue since then

*Progressing with membrane technology R&D*

- Progressing with NSF product certification of new Graphene Oxide enhanced membrane technology – key milestones and technical procedures achieved in 2023 and expecting to complete in 2024
- Received first order for Graphene Oxide enhanced membrane technology in February 2024 for non-NSF applications (all applications excluding potable water treatment in the US and other jurisdictions which require NSF or similar approval), kicking off the commercial launch of the product

*Strong balance sheet provides the ability to fund further growth*

- Cash plus term deposits of $2.5 million at 31 December 2023; excluding $2.2 million proceeds from the share placement in February 2024
- Net assets of $11.6 million as at 31 December 2023 ($14.3 million as at 31 December 2022); excluding $2.2 million in proceeds from the share placement in February 2024
- Strong cash position and improved EBITDA / operating cash flow leaves the company with the ability to fund further growth, for example through strategic acquisitions and / or further Build, Own, Operate contracts with industrial clients

## Business Development and Operations

*Strong Revenue Growth – Key Focus on Recurring Revenue Segments*
The Company achieved substantial revenue growth of 19% vs. prior year. De.mem's recurring revenue segments, which mainly include the Company's service (Build, Own, Operate and Operations & Maintenance) and specialty chemicals businesses, are the key focus of the Company's growth strategy. During 2023, recurring revenue segments accounted for approx. 85% of total revenues (2018: 38%).

Cash receipts increased by 8% to $24.8 million in 2023 (2022: $22.9 million). They exclude approx. $800k in outstanding payments from the South 32 project (see below, "$1.6m water treatment plant delivered to South 32"), which are expected by H1 2024. As of 31 December 2023, the company has recorded 19 successive quarters of cash receipts growth vs. prior corresponding period.

*Expansion of Unique Build, Own, Operate & Service Offering for Industrial Clients*
Based on its extended range of capabilities, De.mem is uniquely positioned as a supplier of Build, Own, Operate ("BOO") and Operations & Maintenance ("O&M") services to industrial customers.

During 2023, the Company commissioned a new waste water treatment plant under a BOO contract with Givaudan, the world wide market leader in flavours & fragrances. The contract has a value of $2.1 million over a minimum term of six years. Under the agreement, De.mem is purifying industrial waste water from one of the client's Singapore facilities to regulatory discharge standards (see the announcement to the ASX on 29 August 2022 for further details). The contract is generating revenue since 2023.

The Company also generates revenue since 2023 from further Build, Own, Operate contracts with the Selwyn Snow Resort and an industrial customer in Australia (see ASX announcements dated 8 December 2021 and 15 September 2021, respectively). Both contracts have a minimum term of 5 years.

*$1.6m Water Treatment Plant Delivered to South 32*
De.mem delivered a membrane-based water treatment plant to an Australian mining site of South 32 in late 2023. The project is worth approx. $1.6 million in revenue (see ASX announcement dated 17 October 2022 for further details). The commissioning is scheduled for H1 2024. As of 31 December 2023, approx. 800k in final payments under the contract are still outstanding and expected to be received shortly after the commissioning in H1 2024.

While the contract is a project and effectively one-off in a nature, it provides the Company with the opportunity to sell operations & maintenance services, chemicals, consumables and other water treatment products to the same client, thus opening up a potentially larger opportunity over the longer term.

## Continued Expansion and Validation of Hollow Fibre Membrane IP Portfolio

*Progressing With Partnership For Commercialisation of New Graphene Oxide Enhanced Membrane – First Order Received*
De.mem presented its new Graphene Oxide enhanced membrane on 7 September 2021 (see ASX release "De.mem Presents Next Generation Membrane Technology"). The new technology delivers 20-40% higher water flux (=throughput, or volume of clean water produced) vs. standard polymer ultrafiltration membranes, leading to significant cost reductions for the user.

On 19 July 2022, De.mem announced a partnership with Purafy Clean Technologies, Kingston, Ontario, Canada ("Purafy"), related to the manufacturing, sales & distribution of the new GO membrane technology. Purafy is a division of Grafoid Inc., a graphene research, development and investment company that promotes a range of graphene-based products for applications in key commercial markets. Purafy manufactures and sells a range of products for domestic water filtration as well as portable water treatment systems.

Jointly, De.mem and Purafy intend to launch the new membrane as part of a domestic water filtration system into North America initially and other countries.

De.mem has initiated a process to obtain NSF (National Sanitation Foundation) certification for the new membrane, which is a prerequisite for usage of the technology in potable water treatment applications in the USA and other countries. The process is ongoing with key milestones and test procedures already completed. De.mem expects to conclude the certification during 2024.

After the end of the reporting period, in February 2024, De.mem received its first order for Graphene Oxide enhanced membrane cartridges from Grafoid/Purafy. The order is worth $55k in revenues for De.mem. The products will be used by Grafoid/Purafy for applications which are not subject to NSF certification.

## Financials

*Strong Revenue Growth*
De.mem’s achieved significant revenue growth during the year. Overall group revenues increased by 19% to $23.4 million (2022: 19.6 million).

Cash receipts increased by 8% to $ 24.8 million (2022: $22.9 million).

*Increasing Margins*
Along with the successful transition to its high-margin recurring revenue segments, the Company’s gross margin increased from 25% in 2018 to 35% in 2022 and 36% in 2023.

*EBITDA Loss Further Reduced*
Adjusted EBITDA loss for the year 2023 was reduced to approx. $0.75 million, from $1.2 million in 2022 and $2.2 million in 2021 (Adjusted EBITDA = EBITDA less business acquisition cost, share based payments expense, and other one-off items; for further details please see section below).

The reconciliation of the loss before taxes to Adjusted EBITDA* (unaudited) is as follows:

| | 2023<br>$'000 | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|---|
| **Loss before taxes** | (3,119) | (3,412) | (4,362) |
| Add: Depreciation and amortisation | 1,813 | 1,613 | 1,264 |
| Add: Interest expense (net of interest income) | 75 | 98 | 159 |
| Adjustments for one off expenses | | | |
| Add: Business acquisition cost** | 112 | 40 | 353 |
| Add: Share based payments | 406 | 381 | 60 |
| Add: Doubtful debts expense | (40) | 81 | 63 |
| Add: One-off expense*** | - | - | 277 |
| **Adjusted EBITDA** | (753) | (1,199) | (2,186) |

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

**Cost items related to the acquisitions of Stevco/Capic/Geutec which were expensed

***Inventory write-offs, legal fees of one-off nature and severance payments.

## Key risks and uncertainties

De.mem is subject to both De.mem specific as well as general risks.

*Overall macroeconomic situation*
The worldwide macroeconomic situation appears fragile, in particular since the war in the Ukraine started in H1 2022. Should the crisis worsen and result in global macroeconomic recession, there could be an impact on De.mem’s business or growth rates.

*Inability to retain key personnel and to recruit new qualified personnel*
The successful operation and expansion of De.mem’s business relies on the company’s ability to recruit and retain experienced and skilled management, scientists, engineers and technicians. Product know how, product development efforts and well as relationships with certain clients might be dependent on single individuals. The loss of such individuals could have an impact on De.mem’s business or growth rates. Also, the labour market for such qualified staff is increasingly competitive, which can lead to increased labour costs for De.mem and a decline of its financial margins.

De.mem has addressed the risk through the introduction of appropriate incentive schemes including the payment of cash performance bonuses to senior staff and the award of share options and performance shares.

*Inflation and higher prices for raw materials and components*
Most countries are currently experiencing high inflation rates. De.mem is buying a substantial amount of raw materials and components for its business and hence, exposed to potential price increases. Higher prices could have a negative impact on De.mem's profitability and margins.

De.mem addresses the risk through supplier management, i.e. ensuring that there are alternative suppliers for key raw materials and components.

*Workplace accidents*
De.mem is providing on-site installations and service work at mining and other industrial sites. De.mem's staff are exposed to a general risk of workplace accidents.

De.mem addresses this risk through appropriate operational health & safety policies and compliance with the customer's site requirements, as well as adequate insurance policies.

*Contract liability and warranty*
Given the nature of De.mem's business, there is a risk of claims made by customers for indemnities or damages which may arise in connection with significant contracts.

De.mem addresses the risk through strict contract management and review and the ongoing review of insurance policies.

*Legal & regulatory risk*
In particular with respect to its service contracts and on-site maintenance work, the company may be exposed to environmental and regulatory regulations. The failure to meet such requirements may result in financial damages.

With respect to the company's membrane filtration products, there is a risk from not achieving regulatory product certifications. The Company currently is engaged in a process to obtain NSF (National Sanitation Foundation) approval, which would enable it to sell its Graphene Oxide enhanced membrane technology into the USA for drinking water applications. Should the Company fail to obtain such certification, the commercial market opportunity for its membrane technology might be significantly smaller than expected.

De.mem is managing the risk through strict contract management, ensuring proper qualification of its staff as well as appropriate policies, procedures & documentation.

*Market Risk*
Changes in market demand, competition, or technological advancements may affect sales and profitability.

De.mem strives to establish its market position as providing premium quality systems and services to support our price structure and differentiate ourselves from cheaper competitors to encourage customer loyalty/attraction regardless of price differentials.

*Operational Risk*
Operational failures, including supply chain disruptions, equipment breakdowns, or cybersecurity breaches, may disrupt business operations.

De.mem mitigates this risk by implementing robust operational procedures, diversifying supplier base, investing in technology and security measures, and establishing contingency plans.

*Technology and Cyber Risk*
Failure of technology systems, data breaches, or inadequate IT infrastructure may compromise data security and business operations. There are also potential threats of unauthorised access, data breaches, malware attacks, or other cyber incidents that could compromise the confidentiality, integrity, or availability of De.mem's digital assets, including sensitive information, intellectual property, and operational systems.

De.mem engages technical consultants to conduct regular IT audits, implement robust cybersecurity measures, adhere to resilient processes and investing in technology upgrades and backups. Apart from this, De.mem also has in place a cyber risk insurance.

## Directors

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

Cosimo Trimigliozzi - Non-Executive Chairman
Andreas Kroell - Chief Executive Officer and Director
Bernd Dautel - Non-Executive Director
Stuart Carmichael - Non-Executive Director
Michael Edwards - Non-Executive Director
Danny Conlon - Non-Executive Director
Andreas Hendrik (Harry) De Wit - Non-Executive Director (appointed on 5 April 2023)

## Principal activities

De.mem designs, builds, owns and operates modern water treatment systems for clients from the industrial, municipal and residential sectors.

De.mem Limited (ASX:DEM) is an Australian-headquartered, international 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 the mining, infrastructure, food and beverage and heavy manufacturing industries as well as in the municipal and residential segments. Customers include leading multinational corporations in their respective industries and municipalities and government organisations from the different countries.

## Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

## Review of operations

Refer to the Review of operations in the preceding section.

## Significant changes in the state of affairs

On 21 March 2023, the Company issued 387,958 fully paid ordinary shares (Shares) at a deemed issue price of $0.3222 (32.22 cents) per Share to the vendor of the Capic Business (Capic) in connection with the Capic acquisition as announced on 1 April 2021.

On 5 April 2023, the Company appointed Mr Andreas Hendrik (Harry) De Wit as Non-Executive Director.

On 28 April 2023, the Company issued 383,142 fully paid ordinary shares (Shares) at a deemed issue price of $0.1305 (13.05 cents) per Share to the vendors of the Stevco business (Stevco) in connection with the Stevco acquisition as announced on 22 March 2022.

On 6 October 2023, the Company issued 128,934 fully paid ordinary shares (Shares) at an average deemed issue price of $0.1551 (15.51 cents) per Share as consideration for the provision of corporate advisory services to the Company.

On 10 October 2023, the Company announced the appointment of Mr Andrew Tay as its Chief Financial Officer.

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

## Matters subsequent to the end of the financial year

On 21 February 2024, De.mem announced a capital raising of 24,444,279 new shares (**New Shares**), by means of a share placement, with an issue price of 9 cents per share, providing the Company with $2.2 million in cash (prior to commissions and transaction cost). 18,333,168 New Shares were issued on 26 February 2024 and a further 6,111,111 new shares are to be issued in May 2024, subject to shareholder approval.

No other matter or circumstance has arisen since 31 December 2023 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.

**Likely developments and expected results of operations**
The consolidated entity will continue to design, build, and operate water and waste water treatment systems for its clients.

**Environmental regulation**
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Information on directors**

| | |
|---|---|
| Name: | Cosimo Trimigliozzi |
| Title: | Non-Executive Chairman |
| Qualifications: | MBA equivalent, University of Basel, Switzerland |
| Experience and expertise: | Mr. Trimigliozzi looks back at a successful, almost 30-year long career in the feed and food ingredients / flavors and fragrances industry, one of the key target sectors for De.mem Limited. In his last assignment, he was the COO of Wild Flavors International, Germany, responsible in particular for the Asian and South American business expansion. Mr. Trimigliozzi was a member of the key management team involved in the sale of Wild Flavors on behalf of owner Mr. Wild and private equity investor KKR to ADM Group for approximately 2.5 billion USD. Prior to that, Mr. Trimigliozzi had been in other senior management roles, amongst others as Managing Director – Asia for Givaudan, a multinational corporation headquartered in Switzerland. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 810,344 fully paid ordinary shares |
| Interests in options: | 750,000 unlisted options |
| Contractual rights to shares: | None |

| | |
|---|---|
| Name: | Andreas Kroell |
| Title: | Chief Executive Officer and Director |
| Qualifications: | MBA equivalent, University of Frankfurt, Germany |
| Experience and expertise: | Mr. Kroell has been the director and CFO of De.mem Singapore since the company was established and was appointed as the Chief Executive Officer in 2016. Prior to that, Mr. Kroell has been involved in the venture capital and finance industries in Germany and Singapore since 2000. Mr. Kroell has led investments and held board seats in numerous companies within the water, environmental, industrial and other technology related sectors and has managed over 20 venture capital investments throughout his career, including a number of exits by trade sale and initial public offerings. Andreas Kroell has worked with several portfolio companies in management roles. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 3,213,341 fully paid ordinary shares |
| Interests in options: | None |
| Contractual rights to shares: | None |

| | |
|---|---|
| Name: | Bernd Dautel |
| Title: | Non-Executive Director |
| Qualifications: | Master of Chemical Engineering, University of Karlsruhe, Germany |
| Experience and expertise: | Mr. Dautel has been a Venture Capital expert with New Asia Investments Pte Ltd in Singapore since 2012. In this function, he managed investments into companies from the chemicals and electronics sectors. Prior to this, Mr. Dautel was the Managing Director Asia/Pacific for Wieland Metals, a large German manufacturer of semi-finished copper goods. He built the company’s business in the Asia/Pacific region from the early stage to approximately 400 million in annual revenues over 20 years, with operations in Singapore, China, India and many other countries in the Asia/Pacific region. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 800,000 fully paid ordinary shares |
| Interests in options: | 500,000 unlisted options |
| Contractual rights to shares: | None |

| | |
|---|---|
| Name: | Stuart Carmichael |
| Title: | Non-Executive Director |
| Qualifications: | Bachelor of Commerce, University of Western Australia, Perth |
| Experience and expertise: | Mr. Carmichael is a Chartered Accountant with over 20 years of experience in the provision of corporate advisory services both within Australia and internationally. Mr. Carmichael is a principal and director of Ventnor Equities & Advisory Pty Ltd and Ventnor Securities Pty Ltd which specialises in the provision of advisory services to ASX listed companies including capital raisings, initial public offerings, corporate restructures and mergers and acquisitions. Mr. Carmichael graduated from the University of Western Australia with a Bachelor of Commerce degree, gaining experience with KPMG Corporate Finance in Perth and London before joining ASX listed property services and engineering company UGL Limited (ASX:UGL). |
| Other current directorships: | Non-Executive Chairman of KTIG Limited (ASX:KTG) (appointed June 2017) |
| Former directorships (last 3 years): | Non-Executive Director of Orexplore Technologies Limited (ASX:OXT) (February 2021 to November 2023), Non-Executive Director of Osteopore Limited (ASX:OSX) (December 2018 to October 2021), Non-Executive Director of Swick Mining Services Limited (ASX:SWK) (August 2019 to February 2022), Non-Executive Chairman of Schrole Group Limited (ASX:SCL) (October 2017 to May 2022), Non-Executive Director of ClearVue Technologies Limited (ASX: CPV) (January 2018 to June 2023) and Non-Executive Director of Harvest Technology Group Limited (ASX:HTG) (July 2021 to October 2022) |
| Special responsibilities: | None |
| Interests in shares: | 21,500 fully paid ordinary shares |
| Interests in options: | 500,000 unlisted options |
| Contractual rights to shares: | None |

| | |
|---|---|
| Name: | Michael Edwards |
| Title: | Non-Executive Director |
| Qualifications: | Bachelor of Business (Economics and Finance), Curtin University of Technology, Bachelor of Science (Geology), University of Western Australia, Perth |
| Experience and expertise: | Mr Edwards is a Geologist and an Economist with over 25 years' experience in senior management roles in both the private and public sectors. He worked for Barclays Australia in their Corporate Finance department before working as an Exploration and Mine Geologist with several companies including Gold Mines of Australia, Eagle Mining and International Mineral Resources.<br><br>Mr Edwards has worked as a consultant across a range of industries both as a Geologist and Corporate Advisor, predominantly in Australia and Africa. He has been involved in numerous ASX listings, raising seed and IPO capital as well as being intimately involved in several reverse take overs across a range of commodities and industries. |
| Other current directorships: | Non-Executive Chairman of Greenstone Resources Ltd (ASX:GSR) (appointed August 2021), Non-Executive Chairman of Future Battery Minerals Ltd (ASX:FBM) (appointed August 2020), Non-Executive Director of Metal Hawk Ltd (ASX:MHK) (appointed May 2023). |
| Former directorships (last 3 years): | Non-Executive Chairman of Firefly Resources Limited (ASX:FFR) (October 2019 to November 2021), Non-Executive Director of Norwood Systems Limited (ASX:NOR) (June 2015 to January 2022). |
| Special responsibilities: | None |
| Interests in shares: | None |
| Interests in options: | 500,000 unlisted options |
| Contractual rights to shares: | None |

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|---|---|
| Name: | Danny Conlon |
| Title: | Non-Executive Director |
| Experience and expertise: | Mr Conlon is a proven water industry expert and veteran. Most recently, from 2018 to 2020, he was Veolia's CEO and Managing Director for the Australia & New Zealand region. In this role, he 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. Mr. Conlon was responsible for more than 4,000 employees and 240 locations across the region.<br><br>Mr. Conlon's long-term career at Veolia started originally with an appointment at Collex Waste Management in 1998. He advanced within Veolia group over more than two decades and held several leadership positions during these years. Prior to being appointed as CEO he was the Executive General Manager of Veolia's East Coast Operations in Australia & New Zealand, a position he held since 2014. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | None |
| Interests in options: | 500,000 unlisted options |
| Contractual rights to shares: | None |

| | |
|---|---|
| Name: | Andreas Hendrik (Harry) De Wit |
| Title: | Non-Executive Director (appointed on 5 April 2023) |
| Experience and expertise: | Mr. De Wit is a senior corporate executive who has worked in several locations across the globe. He has been the CEO of Asia Pacific for Fresenius Medical Care since 2016. In this role, he is also responsible for the company’s operations in Australia & New Zealand. In addition, he served as a member of Fresenius Medical Care’s management board from 2016 to 2021. Prior to this, Mr. De Wit held further senior corporate roles within the healthcare industry, amongst others with Covidien (previously named Tyco Healthcare). Fresenius Medical Care is listed on the Frankfurt Stock Exchange and the New York Stock Exchange, being a member of the German DAX index, which represents 40 of the largest and most liquid companies that trade on German stock markets. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Special responsibilities: | None |
| Interests in shares: | 14,222,387 fully paid ordinary shares |
| Interests in options: | 500,000 unlisted options |
| Interests in rights: | None |
| Contractual rights to shares: | None |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**
*Mr Anthony Panther CA AGIA ACIS*
Mr Panther has over 30 years’ experience in a variety of fields. Following completion of university commerce and law degrees he worked as an external auditor with a major international chartered accounting firm and has progressed to a range of internal audit, compliance, senior finance and company secretarial roles with a number of ASX-listed and unlisted public companies covering financial services, utilities, biotech, IT services and environmental technologies. He specialises in financial reporting and company secretarial practice.

**Meetings of directors**
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2023, and the number of meetings attended by each director were:

| | Full Board | |
|---|---|---|
| | Attended | Held |
| Cosimo Trimigliozzi | 8 | 8 |
| Andreas Kroell | 8 | 8 |
| Bernd Dautel | 8 | 8 |
| Stuart Carmichael | 8 | 8 |
| Michael Edwards | 8 | 8 |
| Danny Conlon | 8 | 8 |
| Andreas Hendrik (Harry) De Wit | 6 | 6 |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

*Non-executive directors remuneration*

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board of Directors. The Board of Directors may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

*Executive directors and senior executives remunerations*

Remuneration levels for Directors and senior executives of the Company will be competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board may obtain independent advice on the appropriateness of remuneration packages given trends in comparative companies both locally and internationally and the objectives of the Group’s remuneration strategy. No such advice was obtained during the current year.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the Directors and senior executives;
- the Directors and senior executives ability to control the relevant performance;
- the Group's performance; and
- the amount of incentives within each Directors and senior executive's remuneration.

Remuneration packages include a mix of fixed remuneration and variable remuneration and short and long-term performance-based incentives. Short-term incentives include De.mem’s Employee Incentive Option Plan. The Company’s Employee Incentive Option Plan allows the Board from time to time, in its absolute discretion, make a written offer to any Eligible Participant (as defined in the Plan) to apply for Options, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines. In exercising that discretion, the Board may have regard to the following (without limitation):

- The Eligible Participant's length of service within the Group;
- The contribution made by the Eligible Participant to the Group;
- The potential contribution of the Eligible Participant to the Group; or
- Any other matter the Board considers relevant.

Fixed remuneration consists of base remuneration, as well as employer contributions to superannuation funds where applicable. Remuneration levels will be, if necessary reviewed annually by the Board through a process that considers the overall performance of the Group. During the year, external consultants were not used to provide any analysis nor advice to the Directors’ and senior executives’ with respect to remuneration.

***Details of remuneration***

*Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of De.mem Limited:
- Cosimo Trimigliozzi
- Andreas Kroell
- Bernd Dautel
- Stuart Carmichael
- Michael Edwards
- Danny Conlon
- Andreas Hendrik De Wit (appointed on 5 April 2023)

And the following person:
- Andrew Tay (appointed as CFO on 10 October 2023)

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| 2023 | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | Equity-settled $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| Cosimo Trimigliozzi | 36,000 | - | - | - | - | 67,500 | 103,500 |
| Bernd Dautel | 30,000 | - | - | - | - | 45,000 | 75,000 |
| Stuart Carmichael | 30,000 | - | - | 3,225 | - | 45,000 | 78,225 |
| Michael Edwards | 30,000 | - | - | 3,225 | - | 45,000 | 78,225 |
| Danny Conlon | 30,000 | - | - | 3,225 | - | - | 33,225 |
| Andreas Hendrik De Wit | 22,500 | - | - | - | - | 53,000 | 75,500 |
| *Executive Directors:* | | | | | | | |
| Andreas Kroell * | 280,000 | 100,000 | - | 30,100 | 3,833 | - | 413,933 |
| *Other Key Management Personnel:* | | | | | | | |
| Andrew Tay ** | 138,750 | 27,500 | 13,023 | 14,970 | - | 8,668 | 202,911 |
| | 597,250 | 127,500 | 13,023 | 54,745 | 3,833 | 264,168 | 1,060,519 |

* The "Cash bonus" was approved by the Board in May 2023; There is no service or performance criteria linked to the Cash bonus and it remains unpaid as of the date of this report.

** Appointed as CFO on 10 October 2023. Previously employed by the Company as its Finance Director since 8 February 2023. The "Cash bonus" is contractual and pro-rated based on the period of service; It is 50% based on company's profitability and 50% based on individual performance. It remains unpaid as of the date of this report.

| **2022** | Short-term benefits<br>Cash salary and fees<br>$ | Short-term benefits<br>Cash bonus<br>$ | Short-term benefits<br>Non-monetary<br>$ | Post-employment benefits<br>Super-annuation<br>$ | Long-term benefits<br>Long service leave<br>$ | Share-based payments<br>Equity-settled<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | | |
| Cosimo Trimigliozzi | 36,000 | - | - | - | - | - | 36,000 |
| Bernd Dautel | 30,000 | - | - | - | - | - | 30,000 |
| Stuart Carmichael | 30,000 | - | - | 3,087 | - | - | 33,087 |
| Michael Edwards | 30,000 | - | - | 3,087 | - | - | 33,087 |
| Danny Conlon | 15,000 | - | - | 1,575 | - | 32,295 | 48,870 |
| *Executive Directors:* | | | | | | | |
| Andreas Kroell * | 287,666 | - | - | 34,433 | 4,543 | - | 326,642 |
| | 428,666 | - | - | 42,182 | 4,543 | 32,295 | 507,686 |

* Included in cash salary and fees is movements in leave entitlements of $17,666.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration 2023 | Fixed remuneration 2022 | At risk - STI 2023 | At risk - STI 2022 | At risk - LTI 2023 | At risk - LTI 2022 |
|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | |
| Cosimo Trimigliozzi | 35% | 100% | - | - | 65% | - |
| Bernd Dautel | 40% | 100% | - | - | 60% | - |
| Stuart Carmichael | 42% | 100% | - | - | 58% | - |
| Michael Edwards | 42% | 100% | - | - | 58% | - |
| Danny Conlon | 100% | 34% | - | - | - | 66% |
| Andreas Hendrik De Wit | 30% | - | - | - | 70% | - |
| *Executive Directors:* | | | | | | |
| Andreas Kroell | 100% | 100% | - | - | - | - |
| *Other Key Management Personnel:* | | | | | | |
| Andrew Tay | 95% | - | - | - | 5% | - |

***Service agreements***
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Andreas Kroell |
| Title: | Chief Executive Officer and Director |
| Agreement commenced: | 1 November 2019 |
| Term of agreement: | Permanent |
| Details: | Base salary of A$230,000 per annum, annual allowances of $50,000 and a bonus, payable at the discretion of the Board. |

| | |
|---|---|
| Name: | Andrew Tay |
| Title: | Chief Financial Officer |
| Agreement commenced: | 11 October 2023 |
| Term of agreement: | Permanent |
| Details: | Base salary of A$165,000 per annum and $30,000 performance bonus per annum. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

***Share-based compensation***

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2023.

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year are as follows:

| Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|
| 5 April 2023 | 5 April 2023 | 5 April 2026 | $0.1790 | $0.1060 |
| 6 April 2023 | 6 April 2025 | 6 April 2027 | $0.1398 | $0.0940 |
| 23 June 2023 | 23 June 2023 | 23 May 2026 | $0.2058 | $0.0900 |

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| Andreas Hendrik De Wit | 500,000 | 5 April 2023 | 5 April 2023 | 5 April 2026 | $0.1790 | $0.1060 |
| Andrew Tay | 250,000 | 6 April 2023 | 6 April 2025 | 6 April 2027 | $0.1398 | $0.0940 |
| Cosimo Trimigliozzi | 750,000 | 23 June 2023 | 23 June 2023 | 23 May 2026 | $0.2058 | $0.0900 |
| Bernd Dautel | 500,000 | 23 June 2023 | 23 June 2023 | 23 May 2026 | $0.2058 | $0.0900 |
| Stuart Carmichael | 500,000 | 23 June 2023 | 23 June 2023 | 23 May 2026 | $0.2058 | $0.0900 |
| Michael Edwards | 500,000 | 23 June 2023 | 23 June 2023 | 23 May 2026 | $0.2058 | $0.0900 |

Options granted to Andrew Tay during the year ended 31 December 2023 have minimum service period of 2 years.

The terms and conditions of each grant of options below have not affected the current year key management personnel remuneration as they were issued and vested in the year ended 31 December 2022.

| Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|
| 14 June 2022 | 14 June 2022 | 23 June 2025 | $0.2240 | $0.0640 |

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| Danny Conlon | 500,000 | 14 June 2022 | 14 June 2022 | 24 June 2025 | $0.224 | $0.064 |

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2023 are set out below:

| Name | Number of options granted during the year 2023 | Number of options granted during the year 2022 | Number of options vested during the year 2023 | Number of options vested during the year 2022 |
|---|---|---|---|---|
| Danny Conlon | - | 500,000 | - | 500,000 |
| Andreas Hendrik De Wit | 500,000 | - | 500,000 | - |
| Cosimo Trimigliozzi | 750,000 | - | 750,000 | - |
| Bernd Dautel | 500,000 | - | 500,000 | - |
| Stuart Carmichael | 500,000 | - | 500,000 | - |
| Michael Edwards | 500,000 | - | 500,000 | - |
| Andrew Tay | 250,000 | - | - | - |

*Performance rights*
There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2023.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 31 December 2023.

***Additional information***
The earnings of the consolidated entity for the five years to 31 December 2023 are summarised below:

| | 2023 $'000 | 2022 $'000 | 2021 $'000 | 2020 $'000 | 2019 $'000 |
|---|---|---|---|---|---|
| Loss after income tax | (3,134) | (3,455) | (4,440) | (3,539) | (3,517) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Share price at financial year end ($) | 0.11 | 0.11 | 0.23 | 0.23 | 0.26 |
| Basic earnings per share (cents per share) | (1.28) | (1.51) | (2.15) | (2.02) | (2.58) |
| Diluted earnings per share (cents per share) | (1.28) | (1.51) | (2.15) | (2.02) | (2.58) |

***Additional disclosures relating to key management personnel***

*Shareholding*
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions* | Other** | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Cosimo Trimigliozzi | 810,344 | - | - | - | 810,344 |
| Andreas Kroell | 3,213,341 | - | - | - | 3,213,341 |
| Bernd Dautel | 800,000 | - | - | - | 800,000 |
| Stuart Carmichael | 21,500 | - | - | - | 21,500 |
| Danny Conlon | - | - | - | - | - |
| Andreas Hendrik De Wit | - | - | 250,000 | 13,972,387 | 14,222,387 |
| | 4,845,185 | - | 250,000 | 13,972,387 | 19,067,572 |

* - "Additions" for Andreas Hendrik De Wit is the number of shares purchased on-market since the appointment as director on 5 April 2023.
** - “Other” for Andreas Hendrik De Wit is the number of shares held when he was appointed as director during the year

*Option holding*
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Granted | Exercised | Expired | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| Cosimo Trimigliozzi | 750,000 | 750,000 | - | (750,000) | 750,000 |
| Andreas Kroell | 500,000 | - | - | (500,000) | - |
| Bernd Dautel | 500,000 | 500,000 | - | (500,000) | 500,000 |
| Stuart Carmichael | 500,000 | 500,000 | - | (500,000) | 500,000 |
| Michael Edwards | 500,000 | 500,000 | - | (500,000) | 500,000 |
| Danny Conlon | 500,000 | - | - | - | 500,000 |
| Andreas Hendrik De Wit | - | 500,000 | - | - | 500,000 |
| Andrew Tay | - | 250,000 | - | - | 250,000 |
| | 3,250,000 | 3,000,000 | - | (2,750,000) | 3,500,000 |

*Loans to key management personnel and their related parties*
There were no loans to or from related parties at the current and previous reporting date.

*Other transactions with key management personnel and their related parties*
There were no other transactions conducted between the Group and Key Management Personnel or their related parties, apart from those disclosed above and below, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm’s length dealings with unrelated persons.

***This concludes the remuneration report, which has been audited.***

**Shares under option**
Unissued ordinary shares of De.mem Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 10 July 2020 | 10 July 2024 | $0.1800 | 750,000 |
| 1 April 2022 | 3 June 2025 | $0.2800 | 500,000 |
| 1 April 2022 | 30 June 2025 | $0.2800 | 500,000 |
| 1 April 2022 | 30 September 2025 | $0.2800 | 500,000 |
| 1 April 2022 | 31 December 2025 | $0.2800 | 500,000 |
| 14 June 2022 | 23 June 2025 | $0.2240 | 500,000 |
| 28 July 2022 | 2 August 2025 | $0.1820 | 2,000,000 |
| 16 January 2023 | 16 January 2026 | $0.1200 | 500,000 |
| 5 April 2023 | 5 April 2023 | $0.1790 | 500,000 |
| 6 April 2023 | 6 April 2027 | $0.1398 | 250,000 |
| 23 June 2023 | 23 May 2026 | $0.2058 | 2,250,000 |
| | | | 8,750,000 |

No person entitled to exercise the options had or has any right by virtue of the option the ability to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of options**
There were no ordinary shares of De.mem Limited issued on the exercise of options during the year ended 31 December 2023 and up to the date of this report.

**Shares under performance rights**
Unissued ordinary shares of De.mem Limited under performance rights at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under rights |
|---|---|---|---|
| 12 October 2021 | 31 July 2025 | $0.0000 | 500,000 |
| 1 March 2022 | 31 December 2025 | $0.0000 | 110,000 |
| 16 January 2023 | 16 January 2026 | $0.0000 | 500,000 |
| | | | 1,110,000 |

The vesting of the performance rights granted are subject to a service period of 3 years from dates granted and have no specific performance hurdles.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

**Shares issued on the exercise of performance rights**
There were no ordinary shares of De.mem Limited issued on the exercise of performance rights during the year ended 31 December 2023 and up to the date of this report.

**Indemnity and insurance of officers**
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**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.

**Non-audit services**
There were no non-audit services provided during the financial year by the auditor.

**Officers of the company who are former partners of William Buck**
There are no officers of the Company who are former partners of William Buck.

**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.

**Auditor**
William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

**Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to principles of sound corporate governance. The Company continued to follow best practice recommendations as set out by 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website at http://demembranes.com.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(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 February 2024
Melbourne

William Buck
ACCOUNTANTS & ADVISORS

# 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 audit of De.mem Limited for the year ended 31 December 2023, 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 audit and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

William Buck

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

**N. S. Benbow**
Director
Melbourne, 29 February 2024

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
vic.info@williambuck.com
williambuck.com.au

**De.mem Limited**
**Consolidated statement of profit or loss and other comprehensive income**
**For the year ended 31 December 2023**

| | Note | Consolidated 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Revenue | 5 | 23,407 | 19,644 |
| Cost of sales | | (15,012) | (12,840) |
| Gross profit | | 8,395 | 6,804 |
| | | 8,395 | 6,804 |
| Finance income | | 71 | 23 |
| Other income | | 151 | 150 |
| Administrative and corporate expenses | 6 | (2,408) | (2,545) |
| Depreciation and amortisation expense | | (1,813) | (1,613) |
| Employee benefits expenses | 7 | (7,328) | (6,093) |
| Interest expense | | (75) | (98) |
| Business acquisition costs | | (112) | (40) |
| **Loss before income tax expense** | | (3,119) | (3,412) |
| Income tax expense | | (15) | (43) |
| **Loss after income tax expense for the year** | | (3,134) | (3,455) |
| **Other comprehensive income/(loss)** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation | | (94) | 200 |
| Other comprehensive income/(loss) for the year, net of tax | | (94) | 200 |
| **Total comprehensive loss for the year** | | (3,228) | (3,255) |
| Loss for the year is attributable to: | | | |
| Non-controlling interest | | - | 37 |
| Owners of De.mem Limited | | (3,134) | (3,492) |
| | | (3,134) | (3,455) |
| Total comprehensive loss for the year is attributable to: | | | |
| Non-controlling interest | | - | 37 |
| Owners of De.mem Limited | | (3,228) | (3,292) |
| | | (3,228) | (3,255) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 27 | (1.28) | (1.51) |
| Diluted earnings per share | 27 | (1.28) | (1.51) |

*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 31 December 2023**

| | Note | Consolidated 2023 $'000 | Consolidated 2022 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 8 | 2,403 | 5,138 |
| Trade and other receivables | 9 | 3,384 | 2,890 |
| Inventories | 10 | 1,060 | 842 |
| Term deposits | | 65 | 253 |
| Income tax receivable | | 12 | - |
| Prepayments | | 244 | 210 |
| Contract assets | | 841 | 412 |
| Total current assets | | 8,009 | 9,745 |
| **Non-current assets** | | | |
| Term deposits | | 100 | 50 |
| Property, plant and equipment | 12 | 3,859 | 3,696 |
| Right-of-use assets | 11 | 1,290 | 1,102 |
| Intangible assets | 13 | 5,442 | 5,969 |
| Total non-current assets | | 10,691 | 10,817 |
| **Total assets** | | 18,700 | 20,562 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 3,461 | 2,510 |
| Contract liabilities | | 294 | 577 |
| Borrowings | | 99 | 48 |
| Lease liabilities | 15 | 654 | 461 |
| Deferred consideration | | - | 164 |
| Income tax payable | | - | 3 |
| Employee benefits | 16 | 1,022 | 823 |
| Other provisions | | 38 | 38 |
| Total current liabilities | | 5,568 | 4,624 |
| **Non-current liabilities** | | | |
| Contract liabilities | | 630 | 630 |
| Lease liabilities | 15 | 895 | 886 |
| Deferred consideration | | - | 79 |
| Employee benefits | 16 | 34 | 28 |
| Total non-current liabilities | | 1,559 | 1,623 |
| **Total liabilities** | | 7,127 | 6,247 |
| **Net assets** | | 11,573 | 14,315 |
| **Equity** | | | |
| Issued capital | 17 | 39,357 | 39,238 |
| Reserves | | 1,235 | 881 |
| Accumulated losses | | (29,019) | (25,804) |
| **Total equity** | | 11,573 | 14,315 |

*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 year ended 31 December 2023**

| Consolidated | Issued capital $'000 | Foreign currency translation reserve $'000 | Share based payment reserve $'000 | Acquisition reserve $'000 | Accumulated losses $'000 | Non-controlling interest $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 January 2022 | 36,243 | 162 | 290 | - | (22,347) | 33 | 14,381 |
| Profit/(loss) after income tax expense for the year | - | - | - | - | (3,492) | 37 | (3,455) |
| Other comprehensive income for the year, net of tax | - | 200 | - | - | - | - | 200 |
| Total comprehensive income/(loss) for the year | - | 200 | - | - | (3,492) | 37 | (3,255) |
| *Transactions with owners in their capacity as owners:* | | | | | | | |
| Contributions of equity, net of transaction costs (note 17) | 2,584 | - | - | - | - | - | 2,584 |
| Share-based payments (note 28) | - | - | 561 | - | - | - | 561 |
| Exercise of performance rights | 6 | - | (6) | - | - | - | - |
| Expiry of share options | - | - | (35) | - | 35 | - | - |
| Shares issued for the acquisition of Capic business (note 17) | 125 | - | - | - | - | - | 125 |
| Shares issued for the acquisition of Stevco (note 17) | 280 | - | - | - | - | - | 280 |
| Adjustment arising from change in non-controlling interest to acquisition of 25% non-controlling interest of the equity held in De.mem-Geutec GmbH | - | - | - | (291) | - | (70) | (361) |
| Balance at 31 December 2022 | 39,238 | 362 | 810 | (291) | (25,804) | - | 14,315 |

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

**De.mem Limited**
**Consolidated statement of changes in equity**
**For the year ended 31 December 2023**

| 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 expense for the year | - | - | - | - | (3,134) | (3,134) |
| Other comprehensive loss for the year, net of tax | - | (94) | - | - | - | (94) |
| Total comprehensive loss for the year | - | (94) | - | - | (3,134) | (3,228) |
| *Transactions with owners in their capacity as owners:* | | | | | | |
| Shares issued for the acquisition of Capic business (note 17) | 49 | - | - | - | - | 49 |
| Shares issued for the acquisition of Stevco (note 17) | 50 | - | - | - | - | 50 |
| Vesting of share-based payment arrangements (note 28) | - | - | 367 | - | - | 367 |
| Shares issued for advisory services | 20 | - | - | - | - | 20 |
| Expired options | - | - | (210) | - | 210 | - |
| Transfer | - | - | - | 291 | (291) | - |
| Balance at 31 December 2023 | 39,357 | 268 | 967 | - | (29,019) | 11,573 |

*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 year ended 31 December 2023**

| | Note | Consolidated 2023 $'000 | Consolidated 2022 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 24,794 | 22,951 |
| Payments to suppliers and employees (inclusive of GST) | | (26,196) | (24,717) |
| Interest received | | 64 | 23 |
| Interest and other finance costs paid | | (62) | (98) |
| Income tax paid | | (46) | (40) |
| Net cash used in operating activities | 26 | (1,446) | (1,881) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (599) | (1,464) |
| Payments for intangibles | 13 | (180) | (305) |
| Payment for consideration for acquisition of businesses, net of cash acquired | | (140) | (1,403) |
| Payment for investments in Pumptech, Capic and Geutec | | - | (829) |
| Proceeds from disposal of property, plant and equipment | | 24 | - |
| Proceeds from release of security deposits | | 167 | 30 |
| Net cash used in investing activities | | (728) | (3,971) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | - | 2,998 |
| Share issue transaction costs | | - | (255) |
| Repayment of borrowings | | 51 | (138) |
| Repayment of lease liabilities | | (536) | (282) |
| Net cash from/(used in) financing activities | | (485) | 2,323 |
| Net decrease in cash and cash equivalents | | (2,659) | (3,529) |
| Cash and cash equivalents at the beginning of the financial year | | 5,138 | 8,609 |
| Effects of exchange rate changes on cash and cash equivalents | | (76) | 58 |
| Cash and cash equivalents at the end of the financial year | 8 | 2,403 | 5,138 |

## 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 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 February 2024. The directors have the power to amend and reissue the financial statements.

## Note 2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, 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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity.

*Material accounting policy information*
The Australian Accounting Standards Board has released guidance on what is considered to be material accounting policy information. Such material accounting policy information relates to the following:

(a) A material change in accounting policy;
(b) A choice of accounting policy permitted by Australian Accounting Standards;
(c) An accounting policy developed in the absence of an accounting standard that specifically applies; or
(d) Transactions, other events or conditions which are complex and the accounting policy information is required in order for the users of financial statements to understand them.

Consequently, the quantum of accounting policy information disclosed in these financial statements has been significantly reduced from the previous financial reporting year.

### Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention, except for deferred consideration measured at fair value.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

## Note 2. Material accounting policy information (continued)

### Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

The financial statements are presented in Australian dollars, which is De.mem Limited's functional and presentation currency.

*Foreign currency transactions and balance*
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit and loss and other comprehensive income. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit and loss and comprehensive income.

### Revenue recognition
The consolidated entity recognises revenue as follows:

*Revenue from contracts with customers*
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

*Sale of goods*
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

*Rendering of services*
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Revenues earned under construction contracts (contracting revenue)*
Revenues earned under construction contracts are earned over the life of the contract according to the fulfilment of distinct and separable performance milestones. The % of budgeted expenditure method is applied for these contracts, which records revenue proportionately to the quantum of actual expenditure incurred under each performance milestone relative to its budgeted expenditure, less any expectations for any future losses under the contract.

*Revenues earned for the provision of waste water treatment services (rendering of services)*
These revenues are earned as services are rendered under contract.

*Revenues earned from the sale of waste water treatment products (sale of goods)*
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

## Note 2. Material accounting policy information (continued)

*Differences between the timing of invoicing for services and recording of revenue*
From time to time, revenues are billed to customers that may be in-advance or in-arrears for when that revenue is earned. When in-advance, the difference is recorded as a contract liability; when in-arrears, the difference is recorded as a contract asset.

*Government grants*
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Construction contracts*
Construction revenue is recognised by management after assessing all factors relevant to each contract. Significant management estimation is required in assessing the following:

- Estimation of total contract revenue, including determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims;
- Estimation of total contract costs, including revisions to total forecast costs for events or conditions that occur during the performance of the contract, or are expected to occur to complete the contract;
- Estimation of project contingencies and variations; and
- Estimation of stage of completion.

*Allowance for expected credit losses*
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Provision for impairment of inventories*
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

*Estimation of useful lives of assets*
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

## Note 3. Critical accounting judgements, estimates and assumptions (continued)

*Capitalisation of development costs*
Directors considered it is probable that the process by the consolidated entity during the year ended 31 December 2023 to obtain National Sanitation Foundation approval to sell its Graphene Oxide enhanced membrane technology into the USA for drinking water applications ("the process") will be a success considering its commercial and technical feasibility; the Group's ability to benefit from the process; and reliability in measuring the costs incurred. The directors recognised the costs incurred in the process according to the accounting policy set out in note 13 to consolidated statement of financial position.

*Recovery of deferred tax assets*
Deferred tax assets are recognised for deductible temporary differences and carry forward losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

*Employee benefits provision*
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Customer relationships*
The useful life of the respective customer relationships has been assessed as 10 years, based upon past experience of customer turnover within these businesses and general expectations of ongoing customer relationships. The respective businesses experience with their customers indicates that: both businesses are well-established and have long relationships with their customers; the type of customer obtained by these business is usually larger businesses which are better able to survive variations in overall business and economic conditions; the type of products and services sold by the businesses are long-lived, resulting in greater probability of ongoing service arrangements with those customers and repeat business. This assessed 10 year life is reflected in the expected churn of 10% per annum used in the net present value calculations.

*Impairment*
In-accordance with the impairment policy, the directors considered whether or not any indicator of impairment existed as at report date of any of its non-current and non-monetary assets. In assessing whether or not any trigger existed, the directors specifically considered the following:

(a) Each of its cash-generating units, which are the same as those geographic areas set out in the segment note, continue to operate according to their projected plans; and
(b) The overall market capitalisation of the Group is in-excess of the Group's net assets as at report date.

## Note 4. Segment Reporting

*Identification of reportable operating segments*
The consolidated entity is organised into three operating segments: Australia, Germany and Singapore. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews profit/(loss) before income tax. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group 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 Group's accounting policies. The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Directors.

*Major customers*
During the year ended 31 December 2023, approximately $3.0 million (2022: $3.1 million) of the consolidated entity's external revenue was derived from sales to a customer through the Australia segment.

Other represents head office.

**Note 4. Segment Reporting (continued)**

*Operating segment information*

| **Consolidated - 2023** | Singapore $'000 | Australia $'000 | Germany $'000 | Corporate $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from external customers | 864 | 19,213 | 3,516 | - | 23,593 |
| Intersegment revenue | (101) | (85) | - | - | (186) |
| **Total revenue** | 763 | 19,128 | 3,516 | - | 23,407 |
| | | | | | |
| **Segment result before tax** | (763) | (725) | 52 | (1,683) | (3,119) |
| **Loss before income tax expense** | | | | | (3,119) |
| Income tax expense | | | | | (15) |
| **Loss after income tax expense** | | | | | (3,134) |
| | | | | | |
| **Assets** | | | | | |
| Segment assets | 2,696 | 12,361 | 986 | 28,356 | 44,399 |
| Intersegment eliminations | | | | | (25,699) |
| **Total assets** | | | | | 18,700 |
| | | | | | |
| **Liabilities** | | | | | |
| Segment liabilities | 889 | 18,914 | 487 | 264 | 20,554 |
| Intersegment eliminations | | | | | (13,427) |
| **Total liabilities** | | | | | 7,127 |

| **Consolidated - 2022** | Singapore $'000 | Australia $'000 | Germany $'000 | Corporate $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from external customers | 885 | 15,812 | 3,205 | - | 19,902 |
| Intersegment revenue | (147) | (111) | - | - | (258) |
| **Total revenue** | 738 | 15,701 | 3,205 | - | 19,644 |
| | | | | | |
| Segment result (before tax) | (557) | (1,267) | 180 | (1,948) | (3,592) |
| | | | | | |
| **Assets** | | | | | |
| Segment assets | 2,490 | 5,048 | 800 | 29,404 | 37,742 |
| Intersegment eliminations | | | | | (17,180) |
| **Total assets** | | | | | 20,562 |
| *Total assets includes:* | | | | | |
| Acquisition of non-current assets | 306 | 1,707 | - | - | 2,013 |
| | | | | | |
| **Liabilities** | | | | | |
| Segment liabilities | 82 | 10,570 | 339 | (96) | 10,895 |
| Intersegment eliminations | | | | | (4,648) |
| **Total liabilities** | | | | | 6,247 |

## Note 5. Revenue

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

| **Consolidated - 2023** | Rendering of services $'000 | Sale of goods $'000 | Projects and equipment $'000 | Total $'000 |
|---|---|---|---|---|
| *Geographical regions* | | | | |
| Australia | 2,666 | 13,023 | 3,439 | 19,128 |
| Singapore | 763 | - | - | 763 |
| Germany | 252 | 3,234 | 30 | 3,516 |
| | 3,681 | 16,257 | 3,469 | 23,407 |
| *Timing of revenue recognition* | | | | |
| Goods transferred at a point in time | - | 16,257 | - | 16,257 |
| Services transferred over time | 3,681 | - | 3,469 | 7,150 |
| | 3,681 | 16,257 | 3,469 | 23,407 |

| **Consolidated - 2022** | Rendering of services $'000 | Sale of goods $'000 | Projects and equipment $'000 | Total $'000 |
|---|---|---|---|---|
| *Geographical regions* | | | | |
| Australia | 2,654 | 11,604 | 1,443 | 15,701 |
| Singapore | 738 | - | - | 738 |
| Germany | 219 | 2,906 | 80 | 3,205 |
| | 3,611 | 14,510 | 1,523 | 19,644 |
| *Timing of revenue recognition* | | | | |
| Goods transferred at a point in time | - | 14,510 | - | 14,510 |
| Services transferred over time | 3,611 | - | 1,523 | 5,134 |
| | 3,611 | 14,510 | 1,523 | 19,644 |

## Note 6. Administrative and corporate expenses

| | **Consolidated** | |
|---|---|---|
| | **2023 $'000** | **2022 $'000** |
| Sales, marketing and business development costs | 121 | 305 |
| Consulting, professional fees and legal costs | 52 | 95 |
| Compliance, listing and other regulatory costs | 32 | 176 |
| Legal expenses | 123 | 186 |
| Insurance | 154 | 166 |
| Consulting costs | 341 | 138 |
| Technology and IT | 118 | 121 |
| Bad and doubtful debts | (40) | 81 |
| Fair value movement of deferred consideration | (119) | 6 |
| Other administration and corporate expense | 1,626 | 1,271 |
| | 2,408 | 2,545 |

## Note 7. Employee benefits expenses

| | Consolidated 2023 $'000 | 2022 $'000 |
|---|---|---|
| Short-term employee benefits | 6,578 | 5,467 |
| Post-employment benefits | 305 | 297 |
| Long-term benefits | 39 | (52) |
| Share based payments | 406 | 381 |
| | 7,328 | 6,093 |

## Note 8. Cash and cash equivalents

| | Consolidated 2023 $'000 | 2022 $'000 |
|---|---|---|
| *Current assets* | | |
| Cash on hand | 1 | 2 |
| Cash at bank | 2,402 | 3,787 |
| Cash on deposit | - | 1,349 |
| | 2,403 | 5,138 |

## Note 9. Trade and other receivables

| | Consolidated 2023 $'000 | 2022 $'000 |
|---|---|---|
| *Current assets* | | |
| Trade receivables | 3,262 | 2,769 |
| Less: Allowance for expected credit losses | (12) | (54) |
| | 3,250 | 2,715 |
| Other receivables | 134 | 175 |
| | 3,384 | 2,890 |

The Company has $33,000 (2022: $156,000) in retentions receivables as at 31 December 2023. These amounts may not be receivable in the case of a defects liability claim under the respective customer contracts.

*Allowance for expected credit losses*
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

| | Expected credit loss rate | | Carrying amount | | Allowance for expected credit losses | |
|---|---|---|---|---|---|---|
| **Consolidated** | **2023 %** | **2022** | **2023 $'000** | **2022 $'000** | **2023 $'000** | **2022 $'000** |
| Not overdue | - | - | 2,009 | 2,675 | - | - |
| 0 to 2 months overdue | - | - | 1,296 | 178 | - | - |
| 3 to 4 months overdue | - | - | 37 | 21 | - | - |
| Over 4 months overdue | 22% | 77% | 54 | 70 | 12 | 54 |
| | | | 3,396 | 2,944 | 12 | 54 |

## Note 10. Inventories

| | Consolidated 2023 $'000 | 2022 $'000 |
|---|---|---|
| *Current assets* | | |
| Consumables and supplies | 1,060 | 842 |

During the year ended 31 December 2022, $24,000 of inventory was written off.

*Accounting policy for inventories*
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

## Note 11. Right-of-use assets

| | Consolidated 2023 $'000 | 2022 $'000 |
|---|---|---|
| *Non-current assets* | | |
| Land and buildings - right-of-use | 1,614 | 1,804 |
| Less: Accumulated depreciation | (547) | (853) |
| | 1,067 | 951 |
| | | |
| Motor vehicles - right-of-use | 351 | 459 |
| Less: Accumulated depreciation | (128) | (308) |
| | 223 | 151 |
| | | |
| | 1,290 | 1,102 |

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Consolidated** | Motor vehicles - right-of-use $'000 | Land and buildings - right-of-use $'000 | Total $'000 |
|---|---|---|---|
| Balance at 1 January 2022 | 80 | 1,223 | 1,303 |
| Additions | 59 | 134 | 193 |
| Additions through business combinations | 67 | - | 67 |
| Exchange differences | - | 8 | 8 |
| Depreciation expense | (55) | (414) | (469) |
| | | | |
| Balance at 31 December 2022 | 151 | 951 | 1,102 |
| Additions | 116 | 836 | 952 |
| Disposals | (17) | (76) | (93) |
| Exchange differences | - | - | - |
| Depreciation expense | (27) | (644) | (671) |
| | | | |
| Balance at 31 December 2023 | 223 | 1,067 | 1,290 |

## Note 11. Right-of-use assets (continued)

*Accounting policy for right-of-use assets*
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

## Note 12. Property, plant and equipment

| | Consolidated | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| *Non-current assets* | | |
| Leasehold improvements - at cost | 47 | 121 |
| Less: Accumulated depreciation | (36) | (109) |
| | 11 | 12 |
| Plant and equipment - at cost | 5,102 | 3,160 |
| Less: Accumulated depreciation | (1,263) | (1,033) |
| | 3,839 | 2,127 |
| Construction in progress | - | 1,548 |
| Buildings | 9 | 9 |
| | 3,859 | 3,696 |

**Note 12. Property, plant and equipment (continued)**

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Consolidated** | Buildings $'000 | Leasehold improvements $'000 | Property, plant and equipment at cost $'000 | Construction in progress $'000 | Total $'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2022 | 9 | 9 | 2,131 | 509 | 2,658 |
| Additions | - | 21 | 404 | 1,039 | 1,464 |
| Additions through business combinations | - | - | 4 | - | 4 |
| Exchange differences | - | - | 10 | - | 10 |
| Depreciation expense | - | (18) | (422) | - | (440) |
| Balance at 31 December 2022 | 9 | 12 | 2,127 | 1,548 | 3,696 |
| Additions | - | - | 599 | - | 599 |
| Exchange differences | - | - | (1) | - | (1) |
| Transfers in/(out) | - | - | 1,548 | (1,548) | - |
| Depreciation expense | - | (1) | (434) | - | (435) |
| Balance at 31 December 2023 | 9 | 11 | 3,839 | - | 3,859 |

*Accounting policy for property, plant and equipment*
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets is depreciated over its useful life commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

| | |
|---|---|
| Plant and equipment | 10 - 66.67% |
| Leasehold improvements | 10 - 50% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

## Note 13. Intangible assets

| | Consolidated 2023 $'000 | Consolidated 2022 $'000 |
|---|---|---|
| *Non-current assets* | | |
| Development - at cost | 466 | 286 |
| | | |
| Software - at cost | 77 | 77 |
| Less: Accumulated amortisation | (65) | (60) |
| | 12 | 17 |
| | | |
| Customer relationships | 7,009 | 7,009 |
| Less: Accumulated amortisation | (2,045) | (1,343) |
| | 4,964 | 5,666 |
| | | |
| | 5,442 | 5,969 |

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Consolidated** | Development $'000 | Software $'000 | Customer relationships $'000 | Total $'000 |
|---|---|---|---|---|
| Balance at 1 January 2022 | - | - | 5,055 | 5,055 |
| Additions | 286 | - | - | 286 |
| Additions through acquisition of Stevco | - | 77 | 1,312 | 1,389 |
| Amortisation expense | - | (60) | (701) | (761) |
| | | | | |
| Balance at 31 December 2022 | 286 | 17 | 5,666 | 5,969 |
| Additions | 180 | - | - | 180 |
| Amortisation expense | - | (5) | (702) | (707) |
| | | | | |
| Balance at 31 December 2023 | 466 | 12 | 4,964 | 5,442 |

*Accounting policy for intangible assets*
Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Development cost*
During the year ended 31 December 2023, the consolidated entity has engaged in a process to obtain National Sanitation Foundation ("NSF") approval ("the process"), which would enable the consolidated entity to sell its Graphene Oxide enhanced membrane technology into the USA for drinking water applications. The process is expected to conclude in the year ended 31 December 2023. The costs incurred for the process were recognised in the consolidated statement of financial position as internally generated intangible asset. Upon the conclusion of the process, no additional cost will be capitalised and the capitalised costs will be amortised over 5 years.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following are demonstrated:

## Note 13. Intangible assets (continued)

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

## Note 14. Trade and other payables

| | Consolidated | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| *Current liabilities* | | |
| Trade payables | 2,346 | 1,627 |
| Accruals and other payables | 1,115 | 883 |
| | 3,461 | 2,510 |

Refer to note 18 for further information on financial instruments.

## Note 15. Lease liabilities

| | Consolidated | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| *Current liabilities* | | |
| Lease liability - land and buildings | 543 | 356 |
| Lease liability - motor vehicles | 111 | 105 |
| | 654 | 461 |
| *Non-current liabilities* | | |
| Lease liability - land and buildings | 754 | 658 |
| Lease liability - motor vehicles | 141 | 228 |
| | 895 | 886 |
| | 1,549 | 1,347 |

Refer to note 18 for further information on financial instruments.

| Future minimum lease payments at 31 December 2023 | Within 1 year | Between 1 and 5 years | Total |
|---|---|---|---|
| Lease payments | 667 | 924 | 1,591 |
| Finance charges | (13) | (29) | (42) |
| Net present values | 654 | 895 | 1,549 |

## Note 15. Lease liabilities (continued)

| Future minimum lease payments at 31 December 2022 | Within 1 year | Between 1 and 5 years | Total |
|---|---|---|---|
| Lease payments | 505 | 937 | 1,442 |
| Finance charges | (44) | (51) | (95) |
| | 461 | 886 | 1,347 |

## Note 16. Employee benefits

| | Consolidated | |
|---|---|---|
| | **2023 $'000** | **2022 $'000** |
| *Current liabilities* | | |
| Annual leave | 844 | 679 |
| Long service leave | 178 | 144 |
| | 1,022 | 823 |
| *Non-current liabilities* | | |
| Annual leave | 10 | 9 |
| Long service leave | 24 | 19 |
| | 34 | 28 |
| | 1,056 | 851 |

## Note 17. Issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | **2023 Shares** | **2022 Shares** | **2023 $'000** | **2022 $'000** |
| Ordinary shares - fully paid | 245,306,369 | 244,406,335 | 39,357 | 39,238 |

## Note 17. Issued capital (continued)

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $'000 |
|---|---|---|---|---|
| Balance | 1 January 2022 | 221,150,572 | | 36,243 |
| Issue of shares as partial consideration for acquisition of Capic business | 23 February 2022 | 387,958 | $0.3200 | 125 |
| Issue of shares as partial consideration for acquisition of Stevco | 1 April 2022 | 1,356,161 | $0.2100 | 280 |
| Exercise of performance rights | 23 June 2022 | 100,000 | $0.0000 | 6 |
| Placement | 3 August 2022 | 20,197,358 | $0.1400 | 2,828 |
| Placement | 3 October 2022 | 1,214,286 | $0.1400 | 170 |
| Share issue costs | | - | $0.0000 | (414) |
| Balance | 31 December 2022 | 244,406,335 | | 39,238 |
| Issue of shares as partial consideration for acquisition of Capic business | 21 March 2023 | 387,958 | $0.1263 | 49 |
| Issue of shares as partial consideration for acquisition of Stevco | 28 April 2023 | 383,142 | $0.1305 | 50 |
| Issue of shares for advisory services | 6 October 2023 | 128,934 | $0.1551 | 20 |
| Balance | 31 December 2023 | 245,306,369 | | 39,357 |

*Accounting policy for issued capital*
Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares entitle the holder to the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid on the shares held.

Ordinary shares entitle holders to one vote, either in person or by proxy at a meeting of the Company.

The Company has an unlimited authorised capital and the shares have no par value.

## Note 18. Financial instruments

***Financial risk management objectives***
The consolidated entity's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed, such as sensitivity analysis and maturity analysis.

The Consolidated entity’s principal financial instruments are as follows.

**Note 18. Financial instruments (continued)**

| | Consolidated 2023 $'000 | Consolidated 2022 $'000 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 2,403 | 5,138 |
| Trade and other receivables | 3,384 | 2,890 |
| Term deposits | 165 | 303 |
| Total Financial assets | 5,952 | 8,331 |
| **Financial liabilities** | | |
| Trade and other payables | 3,461 | 2,510 |
| Borrowings | 99 | 48 |
| Lease liabilities | 1,549 | 1,347 |
| Deferred consideration | - | 243 |
| Total financial liabilities | 5,109 | 4,148 |

***Foreign currency risk***

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

| Consolidated | Assets 2023 $'000 | Assets 2022 $'000 | Liabilities 2023 $'000 | Liabilities 2022 $'000 |
|---|---|---|---|---|
| Euros | 594 | 557 | (393) | (251) |
| Singapore dollars | 597 | 661 | (77) | (50) |
| | 1,191 | 1,218 | (470) | (301) |

The consolidated entity had net assets denominated in foreign currencies of $721,000 as at 31 December 2023 (2022: net assets of $917,000).

Based on this exposure, the following sensitivity analysis has been performed. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

| Consolidated - 2023 | AUD strengthened % change | AUD strengthened Effect on profit before tax $'000 | AUD strengthened Effect on equity $'000 | AUD weakened % change | AUD weakened Effect on profit before tax $'000 | AUD weakened Effect on equity $'000 |
|---|---|---|---|---|---|---|
| Euro | 10% | 59 | 59 | 10% | (59) | (59) |
| Singapore dollar | 10% | 60 | 60 | 10% | (60) | (60) |
| | | 119 | 119 | | (119) | (119) |

## Note 18. Financial instruments (continued)

| | AUD strengthened | | | AUD weakened | | |
|---|---|---|---|---|---|---|
| **Consolidated - 2022** | **% change** | **Effect on profit before tax $'000** | **Effect on equity $'000** | **% change** | **Effect on profit before tax $'000** | **Effect on equity $'000** |
| Euro | 25% | 77 | 77 | 25% | (77) | (77) |
| Singapore dollar | 25% | 153 | 153 | 25% | (153) | (153) |
| | | 230 | 230 | | (230) | (230) |

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

***Liquidity risk***

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| **Consolidated - 2023** | Weighted average interest rate % | 1 year or less $'000 | Between 1 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| *Non-interest bearing* | | | | | |
| Trade and other payables | - | 3,461 | - | - | 3,461 |
| | | | | | |
| *Interest-bearing - fixed rate* | | | | | |
| Lease liabilities | - | 654 | 895 | - | 1,549 |
| Borrowings | - | 99 | - | - | 99 |
| Total non-derivatives | | 4,214 | 895 | - | 5,109 |

**Note 18. Financial instruments (continued)**

| **Consolidated - 2022** | Weighted average interest rate % | 1 year or less $'000 | Between 1 and 5 years $'000 | Over 5 years $'000 | Remaining contractual maturities $'000 |
|---|---|---|---|---|---|
| **Non-derivatives** | | | | | |
| *Non-interest bearing* | | | | | |
| Trade and other payables | - | 2,510 | - | - | 2,510 |
| *Interest-bearing - fixed rate* | | | | | |
| Lease liabilities | - | 461 | 886 | - | 1,347 |
| Borrowings | - | - | 48 | - | 48 |
| Total non-derivatives | | 2,971 | 934 | - | 3,905 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***
*Fair value hierarchy*
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3: Unobservable inputs for the asset or liability.

| **Consolidated -2022** | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| *Liabilities* | | | | |
| Deferred consideration | - | 243 | - | 243 |

There were no transfers between levels during 2022.

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## Note 19. Key management personnel disclosures

*Directors*
The following persons were directors of De.mem Limited during the financial year:

| | |
|---|---|
| Cosimo Trimigliozzi | Non-Executive Chairman |
| Andreas Kroell | Chief Executive Officer and Director |
| Bernd Dautel | Non-Executive Director |
| Stuart Carmichael | Non-Executive Director |
| Michael Edwards | Non-Executive Director |
| Mr Danny Conlon | Non-Executive Director |
| Andreas Hendrik De Wit | Non-Executive Director (appointed on 5 April 2023) |
| Andrew Tay | Chief Financial Officer (appointed on 11 October 2023) |

*Compensation*
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

| | Consolidated | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| Short-term employee benefits | 737,773 | 428,666 |
| Post-employment benefits | 54,745 | 42,182 |
| Long-term benefits | 3,833 | 4,543 |
| Share-based payments | 264,168 | 32,295 |
| | 1,060,519 | 507,686 |

## Note 20. Remuneration of auditors

| | Consolidated | |
|---|---|---|
| | **2023** | **2022** |
| | **$** | **$** |
| *Audit services - William Buck* | | |
| Audit or review of the financial statements | 59,250 | 61,024 |

## Note 21. Contingent liabilities

As at 31 December 2023 there are $165,000 in term deposits held (in note 8), representing bank warranties relating to three projects and the completion of the defect liability period and bank guarantees for lease obligations.

## Note 22. Related party transactions

*Parent entity*
De.mem Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 24.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

*Transactions with related parties*
With the exception of the below, there were no transactions with related parties during the current year.

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

## Note 22. Related party transactions (continued)

*Loans to/from related parties*
There were no loans to or from related parties at the current and previous reporting date.

## Note 23. Parent entity information

| Financial position | Parent 2023 $'000 | Parent 2022 $'000 Restated |
|---|---|---|
| Total current assets | 707 | 2,885 |
| Total non-current assets | 4,965 | 5,666 |
| Total assets | 5,672 | 8,551 |
| | | |
| Total current liabilities | (263) | (260) |
| Total non-current liabilities | - | (79) |
| Total liabilities | (263) | (339) |
| | | |
| Net assets | 5,409 | 8,212 |

| | Parent 2023 $'000 | Parent 2022 $'000 Restated |
|---|---|---|
| Issued capital | 39,357 | 39,238 |
| Reserves | 673 | 518 |
| Accumulated losses | (34,621) | (31,544) |
| | | |
| Total equity | 5,409 | 8,212 |

| Financial performance | Parent 2023 $'000 | Parent 2022 $'000 Restated |
|---|---|---|
| Profit/(Loss) for the year | (3,286) | (1,272) |

## Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest 2023 % | Ownership interest 2022 % |
|---|---|---|---|
| De.mem-Akwa Pty Ltd | Australia | 100.00% | 100.00% |
| Akwa Facility Maintenance Pty Ltd | Australia | 100.00% | 100.00% |
| De.mem Pte Ltd | Singapore | 100.00% | 100.00% |
| De.mem Vietnam Ltd | Vietnam | 100.00% | 100.00% |
| De.mem-Pumptech Pty Ltd | Australia | 100.00% | 100.00% |
| De.mem-Geutec GmbH | Germany | 100.00% | 100.00% |
| De.mem-Capic Pty Ltd | Australia | 100.00% | 100.00% |
| Stevco Seals & Pumps Victoria Pty Ltd | Australia | 100.00% | 100.00% |

## Note 25. Events after the reporting period

On 21 February 2024, De.mem announced a capital raising of 24,444,279 new shares (**New Shares**), by means of a share placement, with an issue price of 9 cents per share, providing the Company with $2.2 million in cash (prior to commissions and transaction cost). 18,333,168 New Shares were issued on 26 February 2024 and a further 6,111,111 new shares are to be issued in May 2024, subject to shareholder approval.

No other matter or circumstance has arisen since 31 December 2023 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.

## Note 26. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|---|---|
| | **2023** **$'000** | **2022** **$'000** |
| Loss after income tax expense for the year | (3,134) | (3,455) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 1,813 | 1,613 |
| Share-based payments | 406 | 381 |
| Bad debt expense | (40) | 81 |
| Business acquisition costs | 75 | 40 |
| Write off of inventory | - | 23 |
| Fair value movement of deferred consideration | (119) | 6 |
| Foreign exchange differences | (76) | (42) |
| | | |
| Movements in assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | (494) | 695 |
| Increase in contract assets | (429) | (116) |
| Decrease/(increase) in inventories | (218) | 86 |
| (Increase)/decrease in Other assets | (88) | (73) |
| Increase/(decrease) in trade and other payables | 951 | (1,568) |
| Increase/(decrease) in contract liabilities | (283) | 464 |
| Increase/(decrease) in employee benefits | 205 | (57) |
| Increase in other provisions | - | 38 |
| Increase/(decrease) in Income tax balances | (15) | 3 |
| | | |
| Net cash used in operating activities | (1,446) | (1,881) |

## Note 27. Loss per share

| | Consolidated | |
|---|---|---|
| | **2023** **$'000** | **2022** **$'000** |
| Loss after income tax | (3,134) | (3,455) |
| Non-controlling interest | - | (37) |
| | | |
| Loss after income tax attributable to the owners of De.mem Limited | (3,134) | (3,492) |

| | **Number** | **Number** |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 245,064,350 | 231,147,882 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 245,064,350 | 231,147,882 |

## Note 27. Loss per share (continued)

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | (1.28) | (1.51) |
| Diluted earnings per share | (1.28) | (1.51) |

As at31 December 2023, the Group has 8,750,000 unlisted options (2022: 8,000,000) and 1,110,000 performance rights (2022: 610,000) on issue. These options are considered to be non-dilutive whilst the Group is in a loss position.

## Note 28. Share-based payments

A share option has been established by the entity, whereby the entity may grant options and performance rights over ordinary shares in the company to certain key management personnel, employees and consultants of the entity. The options are issued for nil consideration.

Set out below are summaries of options granted and on issue under at the end of the year:

2023

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 29/05/2020 | 24/06/2023 | $0.2170 | 2,750,000 | - | - | (2,750,000) | - |
| 10/07/2020 | 10/07/2024 | $0.1800 | 750,000 | - | - | - | 750,000 |
| 01/04/2022 | 31/05/2025 | $0.2800 | 500,000 | - | - | - | 500,000 |
| 01/04/2022 | 30/06/2025 | $0.2800 | 500,000 | - | - | - | 500,000 |
| 01/04/2022 | 30/09/2025 | $0.2800 | 500,000 | - | - | - | 500,000 |
| 01/04/2022 | 31/12/2025 | $0.2800 | 500,000 | - | - | - | 500,000 |
| 14/06/2022 | 23/06/2025 | $0.1820 | 2,000,000 | - | - | - | 2,000,000 |
| 28/07/2022 | 02/08/2025 | $0.2240 | 500,000 | - | - | - | 500,000 |
| 16/01/2023 | 16/01/2026 | $0.1206 | - | 500,000 | - | - | 500,000 |
| 05/04/2023 | 05/04/2026 | $0.1790 | - | 500,000 | - | - | 500,000 |
| 06/04/2023 | 06/04/2026 | $0.1380 | - | 250,000 | - | - | 250,000 |
| 23/06/2023 | 23/06/2026 | $0.2058 | - | 2,250,000 | - | - | 2,250,000 |
| | | | 8,000,000 | 3,500,000 | - | (2,750,000) | 8,750,000 |
| Weighted average exercise price | | | $0.2210 | $0.1850 | $0.0000 | $0.2200 | $0.2078 |

| Grant date | Expiry date | Share price at grant date $ | Exercise price $ | Volatility % | Dividend yield % | Risk-free rate % | Fair value $ |
|---|---|---|---|---|---|---|---|
| 16/01/2023 | 16/01/2026 | - | 0.1206 | - | - | - | $0.0840 |
| 05/04/2023 | 05/04/2026 | - | 0.1790 | - | - | - | $0.1060 |
| 06/04/2023 | 06/04/2026 | - | 0.1380 | - | - | - | $0.0940 |
| 23/06/2023 | 23/06/2026 | - | 0.2058 | - | - | - | $0.0900 |

**Note 28. Share-based payments (continued)**

2022

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 29/05/2020 | 24/06/2023 | $0.2170 | 2,750,000 | - | - | - | 2,750,000 |
| 10/07/2020 | 10/07/2024 | $0.1800 | 1,250,000 | - | - | (500,000) | 750,000 |
| 01/04/2022 | 31/05/2025 | $0.2800 | - | 500,000 | - | - | 500,000 |
| 01/04/2022 | 30/06/2025 | $0.2800 | - | 500,000 | - | - | 500,000 |
| 01/04/2022 | 30/09/2025 | $0.2800 | - | 500,000 | - | - | 500,000 |
| 01/04/2022 | 31/12/2025 | $0.2800 | - | 500,000 | - | - | 500,000 |
| 28/07/2022 | 02/08/2025 | $0.1820 | - | 2,000,000 | - | - | 2,000,000 |
| 14/06/2022 | 23/06/2025 | $0.2240 | - | 500,000 | - | - | 500,000 |
| | | | 4,000,000 | 4,500,000 | - | (500,000) | 8,000,000 |
| Weighted average exercise price | | | $0.2050 | $0.2300 | $0.0000 | $0.1800 | $0.2210 |

The weighted average remaining life of options outstanding at 31 December 2023 was 1.80 years (2022: 1.75 years).

Set out below are the options exercisable at the end of the financial year:

| Grant date | Expiry date | 2023 Number | 2022 Number |
|---|---|---|---|
| 29/05/2020 | 24/06/2023 | - | 2,750,000 |
| 10/07/2020 | 10/07/2024 | 750,000 | - |
| 01/04/2022 | 03/06/2025 | 500,000 | 500,000 |
| 01/04/2022 | 30/06/2025 | 500,000 | 500,000 |
| 01/04/2022 | 30/09/2025 | 500,000 | 500,000 |
| 14/06/2022 | 02/08/2025 | 2,000,000 | 2,000,000 |
| 01/04/2022 | 31/12/2025 | 500,000 | 500,000 |
| 28/07/2022 | 02/08/2025 | 500,000 | 500,000 |
| 16/01/2023 | 16/01/2026 | 500,000 | - |
| 05/04/2023 | 05/04/2026 | 500,000 | - |
| 23/06/2023 | 23/05/2026 | 2,250,000 | - |
| | | 8,500,000 | 7,250,000 |

Set out below are summaries of performance rights granted as at 31 December 2023 and 31 December 2022:

2023

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted* | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 12/10/2021 | 31/07/2025 | $0.0000 | 500,000 | - | - | - | 500,000 |
| 01/03/2022 | 31/12/2025 | $0.0000 | 110,000 | - | - | - | 110,000 |
| 16/01/2023 | 16/01/2026 | $0.0000 | - | 500,000 | - | - | 500,000 |
| | | | 610,000 | 500,000 | - | - | 1,110,000 |

* The fair value of the performance right is based on closing share price of the company at the grant date ($0.13) with the assumption that the service condition will be met.

**Note 28. Share-based payments (continued)**

2022

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 12/10/2021 | 31/07/2025 | $0.0000 | 1,000,000 | - | (100,000) | (400,000) | 500,000 |
| 01/03/2022 | 31/12/2025 | $0.0000 | - | 110,000 | - | - | 110,000 |
| | | | 1,000,000 | 110,000 | (100,000) | (400,000) | 610,000 |

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.83 years (2022: 2.65 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

*Accounting policy for share-based payments*
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

## Note 28. Share-based payments (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**De.mem Limited**
**Directors' declaration**
**31 December 2023**

In the directors' opinion:

- The consolidated financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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 February 2024
Melbourne

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

## Report on the audit of the financial report

### Our opinion on the financial report

In our opinion, the accompanying financial report of De.mem Limited (the Company) and its controlled entities (together, the Group) is in accordance with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

— complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### What was audited?

We have audited the financial report of the Group, which comprises:

— the consolidated statement of financial position as at 31 December 2023,

— the consolidated statement of profit or loss and other comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended for the year then ended,

— notes to the financial statements, including material accounting policy information, and

— the directors' declaration.

## Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit 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 & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Revenue recognition under service contracts | **Area of focus (refer also to notes 2, 3 & 5)** | **How our audit addressed the key audit matter** |
|---|---|---|
| | The Group's earns service revenues under construction contracts and also from the provision of wastewater treatment services. These revenue streams require bespoke models, irrespective of the billing milestones, that appropriately amortize the achievement of performance milestones under contract, designed to address:<br>a) When the performance milestone is achieved;<br>b) Whether the milestone can be reliably measured; and<br>c) Whether there is a sufficiently low likelihood of disputation by the customer of those revenues recognised.<br><br>Due to these matters, revenue recognition is a key audit matter. | Our audit procedures included:<br>– Determining whether revenue recognized is in accordance with AASB 15 *Revenue from Contracts*;<br>– Identifying and verifying the achievement of performance milestones and the recognition of the revenue relative to the accretion of that achievement;<br>– Agreeing those revenue streams to a sample of underlying contracts with third parties, including the subsequent billing and invoicing of the related invoiced debtor; and<br>– Tracing through deferred or accrued revenue amounts to the matching contract asset or liability in the statement of financial position;<br><br>We also assessed the appropriateness of revenue disclosures as set out in the financial statements in accordance with AASB 15. |

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

William Buck
ACCOUNTANTS & ADVISORS

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of De.mem Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

### What was audited?

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

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

**N. S. Benbow**
Director
Melbourne, 29 February 2024

**De.mem Limited**
**Shareholder information**
**31 December 2023**

The shareholder information set out below was applicable as at 13 February 2024.

## Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: https://demembranes.com/investors/.

## Distribution of equity securities
Analysis of number of equity security holders by size of holding:

| | Ordinary shares | | Options over ordinary shares | | Performance rights over ordinary shares | |
|---|---|---|---|---|---|---|
| | Number of holders | % of total shares issued | Number of holders | % of total options issued | Number of holders | % of total performance rights issued |
| 1 to 1,000 | 59 | - | - | - | - | - |
| 1,001 to 5,000 | 335 | 0.42 | - | - | - | - |
| 5,001 to 10,000 | 163 | 0.53 | - | - | - | - |
| 10,001 to 100,000 | 400 | 6.22 | - | - | - | - |
| 100,001 and over | 163 | 92.83 | 14 | 100.00 | 3 | 100.00 |
| | 1,120 | 100.00 | 14 | 100.00 | 3 | 100.00 |
| Holding less than a marketable parcel | 363 | - | - | - | - | - |

## Equity security holders

*Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| NA SINGAPORE EARLY-STAGE VENTURE FUND I PTE LTD | 41,295,168 | 16.83 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 39,135,749 | 15.95 |
| BNP PARIBAS NOMS PTY LTD | 36,663,489 | 14.95 |
| BNP PARIBAS NOMS (NZ) LTD | 13,005,725 | 5.30 |
| NEW ASIA INVESTMENTS PTE LTD | 12,785,897 | 5.21 |
| CIPAC HOLDINGS PTY LTD (VINCIGUERRA PROPERTY) | 3,972,689 | 1.62 |
| BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT) | 3,614,428 | 1.47 |
| SPURGIN SMSF PTY LTD (SPURGIN SMSF A/C) | 3,388,285 | 1.38 |
| BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD | 3,267,312 | 1.33 |
| ANDREAS KROELL | 3,213,340 | 1.31 |
| SLO CONCEPTS PTY LTD (OLDHAM SUPER FUND A/C) | 2,690,000 | 1.10 |
| CITICORP NOMINEES PTY LIMITED | 2,544,688 | 1.04 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 2,500,000 | 1.02 |
| MR GEOFFREY IAN FOLEY & MRS PATRICIA ERIKA FOLEY (FOLEY SUPER FUND A/C) | 2,190,000 | 0.89 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 2,092,259 | 0.85 |
| MR HIEN QUANG TRINH (TRIVEST CAPITAL A/C) | 1,697,035 | 0.69 |
| CSIT HOLDINGS PTY LTD (COREY SCOTT INVESTMENT A/C) | 1,610,516 | 0.66 |
| BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 1,253,678 | 0.51 |
| NATIONAL NOMINEES LIMITED | 1,118,987 | 0.46 |
| DR AFSHIN POUR MIRZA | 1,111,111 | 0.45 |
| | 179,150,356 | 73.02 |

*Unquoted equity securities*

| | Number on issue | Number of holders |
|---|---|---|
| Director options - exercise price $0.2058 (20.58 cents), expiring 23 May 2026 | 2,250,000 | 4 |
| Employee options - various exercise prices and expiry dates | 1,500,000 | 5 |
| Corporate advisor options - exercise price $0.2795 (27.95 cents) with various expiry dates | 2,000,000 | 1 |
| Director sign-on options - exercise price $0.2237 (22.37 cents), expiring 24 June 2025 | 500,000 | 1 |
| Joint lead manager options - exercise price $0.182 (18.2 cents), expiring 2 August 2025 | 2,000,000 | 2 |
| Director sign-on options - exercise price $0.179 (17.9 cents), expiring 3 April 2026 | 500,000 | 1 |
| Performance rights - various expiry dates | 1,110,000 | 3 |

The following persons hold 20% or more of unquoted equity securities:

| Name | Class | Number held |
|---|---|---|
| Blue Ocean Equities Pty Ltd | Corporate advisor options - exercise price $0.2795 (27.95 cents) with various expiry dates | 2,000,000 |
| Danny Conlon | Director sign-on options - exercise price $0.2237 (22.37 cents), expiring 24 June 2025 | 500,000 |
| Blue Ocean Equities Pty Ltd | Joint lead manager options - exercise price $0.182 (18.2 cents), expiring 2 August 2025 | 1,000,000 |
| Bell Potter Nominees Ltd (BP Nominees A/C) | Joint lead manager options - exercise price $0.182 (18.2 cents), expiring 2 August 2025 | 500,000 |
| Harry de Wit | Director sign-on options - exercise price $0.179 (17.9 cents), expiring 3 April 2026 | 1,000,000 |

**Substantial holders**
Substantial holders in the company, as disclosed in substantial holding notices given to the company under the Corporations Act, are set out below:

| | Ordinary Shares Number held |
|---|---|
| NA Singapore Early-Stage Venture Fund I Pte Ltd | 41,795,168 |
| Perennial Value Management Limited (PVM) | 24,937,546 |
| Pathfinder Asset Management Limited, and its related bodies corporate, and each of Gough Investments Limited and Alvarium RE Limited | 13,744,308 |
| New Asia Investments Pte Ltd | 11,921,611 |
| Mr Andreas Hendrik de Wit | 6,890,786 |

**Voting rights**
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Other classes of equity securities do not carry voting rights.

**On-market buy-back**
There is no current on-market buy-back.