

De.mem Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	De.mem Limited
ABN:	12 614 756 642
Reporting period:	For the year ended 31 December 2025
Previous period:	For the year ended 31 December 2024

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	20.0% to	29,890
Loss from ordinary activities after tax attributable to the owners of De.mem Limited	down	26.9% to	(2,026)
Loss for the year attributable to the owners of De.mem Limited	down	26.9% to	(2,026)

Dividends

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

The loss for the consolidated entity after providing for income tax amounted to \$2,026,000 (31 December 2024: \$2,770,000).

Commentary on the Results for the Period

De.mem's (referred to as "the Group" or "the Company") revenue increased by 20% to \$29,890,000 in 2025 (2024: \$24,898,000).

Gross margins (gross profit divided by revenues) increased from 41% in 2024 to 43% in 2025. In absolute numbers, gross margin has increased by 25% to \$12,727,000 (2024: \$10,163,000).

Net loss before taxes for the year amounted to approximately \$2,033,000 for 2025 (2024: net loss before tax of \$2,740,000). The net loss for the year ended 31 December 2025 includes depreciation, amortisation and impairment of \$3,322,000 (2024: \$2,395,000), share based payments of \$117,000 (2024: reversal of \$25,000), and business acquisition costs of \$32,000 incurred in respect of Core Chemical and Auswater (2024: \$55,000 incurred on Auswater).

The Company's Adjusted EBITDA* is as follows:

	2025 \$'000	2024 \$'000
Adjusted EBITDA *		
Loss before tax	(2,033)	(2,740)
Depreciation, amortisation and impairment	3,322	2,395
Finance costs	96	102
EBITDA	<u>1,385</u>	<u>(243)</u>
Business acquisition cost **	32	55
Legal fees of one-off nature and severance payments	30	153
Share-based payments	<u>117</u>	<u>(25)</u>
	<u><u>1,564</u></u>	<u><u>(60)</u></u>

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

** Costs related to the acquisition of Core Chemicals and Auswater (2024: Border Pumpworks' assets and Auswater businesses) which were expensed.

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Net assets were \$13,965,000 as at 31 December 2025 (\$12,920,000 as at 31 December 2024).

De.mem ended the year with cash and cash equivalents of \$3,941,000 as of 31 December 2025 (2024: \$3,632,000), which gives the Company sufficient funding to execute on its ambitious growth plans.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.09</u>	<u>2.16</u>

4. Controlled Entities

Parent entity	Country of Incorporation	Principal Activities	Ownership
De.mem Limited	Australia	Corporate support and investment holding	N/A

Name of Controlled Entity

De.mem-Akwa Pty Ltd	Australia	Water and waste water treatment	100%
Akwa Facility Maintenance Pty Ltd	Australia	Dormant	100%
De.mem Pte Ltd	Singapore	Water and waste water treatment	100%
De.mem Vietnam Ltd	Vietnam	Dormant	100%
De.mem-Pumpstech Pty Ltd	Australia	Water and waste water treatment	100%
De.mem-Geutec GmbH	Germany	Water and waste water treatment	100%
De.mem-Capic Pty Ltd	Australia	Water and waste water treatment	100%
De.mem-Stevco Pty Ltd	Australia	Water and waste water treatment	100%
Auswater Systems Pty Ltd	Australia	Water and waste water treatment	100%
Core Chemicals Pty Ltd	Australia	Speciality chemicals supplier servicing the gold mining sector	100%

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

No dividends were paid, recommended, or declared during the current financial period.

7. Details of associates

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

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

All foreign entities are in compliance with IFRS which is equivalent to Australian Accounting Standards.

9. Independent Audit Report

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

The financial statements have been audited and an unmodified opinion has been issued.

10. Signed


Signed _____

Date: 27 February 2026

Andreas Kroell
Director

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De.mem Limited

ABN 12 614 756 642

Consolidated Financial Report - 31 December 2025

De.mem Limited
Corporate directory
31 December 2025

Directors	Andreas Hendrik (Harry) De Wit - Non-Executive Chairman Andreas Kroell - Chief Executive Officer and Executive Director Bernd Dautel - Non-Executive Director Michael Edwards - Non-Executive Director Danny Conlon - Non-Executive Director
Company Secretary	Tony Di Pietro
Registered office	Suite 2, Level 11 385 Bourke Street Melbourne 3000 VIC Phone: (03) 9692 7222
Principal place of business	Suite 2, Level 11 385 Bourke Street Melbourne 3000 VIC Phone: (03) 9692 7222
Share register	MUFG Corporate Markets (AU) Limited Level 41, Liberty Place 161 Castlereagh St, Sydney NSW 2000
Auditor	Hall Chadwick Melbourne Level 14/440 Collins St Melbourne Vic 3000 Phone: (03) 9820 6400
Solicitors	HopgoodGanim Lawyers Level 8, Waterfront Place 1 Eagle Street Brisbane Qld 4000
Bankers	Australia and New Zealand Banking Group Limited - Launceston Commonwealth Bank of Australia - Sydney National Australia Bank - Brisbane Westpac Bank - Perth
Stock exchange listing	De.mem Limited shares are listed on the Australian Securities Exchange (ASX code: DEM)
Website	www.demembranes.com

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De.mem Limited
Directors' report
31 December 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or "the Group") 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 2025.

Review of operations

Overview

De.mem Ltd (ASX:DEM) provides a "one stop shop" offering around high-quality water and waste treatment chemicals, services, equipment, 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 Group serves large multinationals as well as SMEs (small and medium enterprises) through its offices in Australia (Melbourne, Brisbane, Perth, Kalgoorlie, Launceston and Wodonga), Singapore and Velbert, Germany.

The core of De.mem's business is the supply of specialty water treatment and process chemicals such as anti-scalants, corrosion inhibitors, de-and antifoamers, membrane cleaners and/or flocculants & coagulants to mining customers. Through the acquisition of Core Chemicals Pty Ltd effective 1 November 2025, De.mem has expanded its offering to include the supply of process chemicals for the extraction and recovery of small gold fragments from the gold mining & refining process. The Company blends its specialty chemicals at its facilities in Perth, Australia, 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 as well as a Build, Own, Operate ("BOO") or Build, Own, Operate, Transfer ("BOOT") services related to water and waste treatment equipment. 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.

In addition to its offering to industrial clients, De.mem also promotes a range of small, standardised water treatment systems for domestic "point of use" and "point of entry" water treatment applications, deploying its proprietary membrane technology as a key component.

2025 Highlights

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

Cash Receipts / Revenue growth

- Revenues increased by 20% to \$29.9 million (2024: \$24.9 million)
- Cash receipts increased by 14% to \$32.3 million (2024: \$28.4 million)
- As of 31 December 2025, the Company has recorded 27 successive quarters of cash receipts growth vs. prior corresponding period

Transition to recurring revenue segments drives growth and margins

- During Financial Year ("FY") 2025, high-margin recurring revenue segments contributed approx. 90% of total revenues
- Gross margin in % of revenues increased further to 43% (2024: 41%, 2023: 36%)
- In absolute numbers, gross margin increased to \$12.7 million (2024: \$10.1 million, 2023: \$8.4 million)

Positive adjusted EBITDA

- De.mem delivered positive adjusted EBITDA of \$1.6 million for the FY 2025 (Adjusted EBITDA = EBITDA less business acquisition cost, share based payments expense, and other one-off items; for further details please see section below)
- This represents the first full financial year for which De.mem reports positive adjusted EBITDA, following losses of \$60,000 in FY 2024, \$0.7 million in 2023, \$1.3 million in 2022 and \$2.2 million in 2021

Acquisition of Core Chemicals completed and integrated

- De.mem acquired Core Chemicals Pty Ltd, Perth, effective 1 November 2025
- Core Chemicals supplies specialty chemicals for gold fragment extraction to gold mining & refining customers, which provides De.mem with further exposure to the currently booming gold mining sector
- Core Chemicals has been integrated into the existing De.mem group organisation in FY 2025 and will contribute in full to revenues, cash receipts and margins in FY 2026

Launch of domestic water treatment products progressing

- De.mem continued the launch of its domestic water treatment products, with a new distribution partnership signed with Firmbase Pte Ltd, Singapore, on 11 February 2025
- Firmbase also provided De.mem with the first order for the sale of domestic water treatment systems into China
- The process to obtain Watermark approval into Australia has been initiated in June 2025 and is expected to be completed in 2026

Strong balance sheet provides the ability to fund further growth

- Cash plus term deposits of \$4.0 million as at 31 December 2025 (\$3.6 million as at 31 December 2024)
- Net assets of \$14.0 million as at 31 December 2025 (\$12.9 million as at 31 December 2024)
- Strong cash position and improved EBITDA/operating cash flow leave 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 and Continued Growth Momentum

De.mem achieved revenue growth of 20% to \$29.9 million in FY 2025 (2024: \$24.9 million). Cash receipts increased by 14% to \$32.3 million in 2025 (2024: \$28.4 million). As of 31 December 2025, the Company has recorded 27 successive quarters of cash receipts growth vs. prior corresponding period.

Key Focus on Recurring Revenue Segments

De.mem's recurring revenue segments, which mainly include the Company's Specialty Chemicals and Services (Build, Own, Operate and Operations & Maintenance) businesses, are the key focus of the Company's growth strategy. In line with FY 2024, recurring revenue segments accounted for approx. 90% of total revenues in FY 2025 (2024: 85%; 2018: 38%).

Specialty Chemicals business as the key growth driver

De.mem's strategic focus has been primarily on promoting its high-margin specialty chemicals business lines, which are centred around its Perth-based De.mem-Capic Pty Ltd subsidiary. De.mem-Capic's revenues grew strongly by 50% from \$6.0 million in FY 2024 to \$9.0 million in FY 2025.

Unique "One Stop Shop Offering" including Build, Own, Operate & Service Offering for Industrial Clients

Based on its extended range of capabilities, De.mem is uniquely positioned as a "one stop shop" supplier of water treatment chemicals, equipment, services and consumables to industrial customers. The Company's offering includes Build, Own, Operate ("BOO") and Operations & Maintenance ("O&M") services to industrial customers. De.mem continued to operate a number of Build, Own, Operate agreements during 2025, including contracts related to waste water treatment plants in Singapore on behalf of Givaudan, the worldwide market leader in flavours & fragrances, and on behalf of the Selwyn Snow Resort in Australia.

Core Chemicals acquisition completed and integrated

De.mem acquired Core Chemicals Pty Ltd, Perth, effective 1 November 2025. Core Chemicals supplies process chemicals for gold fragment extraction and recovery to gold mining & refining customers. Since the completion of the acquisition, the business has been integrated into the Group's existing operations in Perth.

The consideration comprises an initial cash tranche of \$2,065,500 plus \$365,000 in De.mem shares, paid and issued respectively on the completion date. Subject to the achievement of a profit-based milestone, an additional cash tranche of

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\$212,500 plus a share tranche of \$37,500 will fall due on the date 12 months from the completion date of the acquisition.

Launch of domestic water treatment systems progressing

Following the completion of the NSF (National Sanitation Foundation) certification for its Graphene Oxide enhanced membrane in 2024, a prerequisite for usage of the technology in potable water treatment applications in the USA and other countries, De.mem continued with the launch of the new technology as the key component of the Company's small-scale, standardised water treatment systems. The systems can be used for domestic water treatment, or small-scale industrial applications.

On 11 February 2025, De.mem signed a new partnership agreement with Firmbase Pte Ltd, for distribution of the products into China, Indonesia and Japan. De.mem also received an initial order from Firmbase worth \$15,000 in revenues, for sales of De.mem's systems into China. This marks the first order for De.mem for sales into the Chinese market for home water filtration, which is expected to reach \$3.6 billion by 2023 (source: Grand View Research, China home water filtration market size and outlook, 2018-2030).

In June 2025, De.mem initiated the Australian Watermark certification process. WaterMark refers to a mandatory Australian product certification scheme for plumbing and drainage products. It ensures these products are safe, fit for purpose, and meet relevant Australian standards before they can be legally used in plumbing and drainage systems. De.mem expects the completion of the certification during 2026.

Financials

Strong Cash Receipts and Revenue Growth

De.mem achieved significant revenue growth of 20% in FY 2025, to \$29.9 million (FY 2024: \$24.9 million; FY 2023: \$23.4 million). Cash receipts increased by 14% to \$32.3 million (FY 2024: 28.4 million; 2023: \$24.8 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, 36% in 2023, 41% in 2024 and 43% in 2025.

Positive Adjusted EBITDA

De.mem delivered its first full Financial Year with positive adjusted EBITDA of \$1.6 million in FY 2025. The result represents a turnaround from losses of \$60,000 in FY 2024; \$0.7 million in FY 2023, \$1.3 million in FY 2022 and \$2.2 million in FY 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:

	2025	2024	2023
	\$'000	\$'000	\$'000
Loss before taxes	(2,033)	(2,740)	(3,119)
Add: Depreciation, amortisation and impairment	3,322	2,395	1,813
Add: Interest expense	96	102	75
Adjustments for one off expenses			
Add: Business acquisition cost **	32	55	112
Add: Legal fees of one-off nature and severance payments	30	153	-
Add/(less): Share based payments	117	(25)	406
Adjusted EBITDA	1,564	(60)	(713)

* Adjusted 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 Core Chemicals and Auswater which were expensed

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 volatile with the uncertainties surrounding the persistent inflation & monetary policies. Should these issues worsen and result in global macroeconomic recession, there could be an impact on De.mem's business or growth rates.

Despite the repeated announcements of new U.S. tariffs, a broader negative impact has so far been avoided. De.mem has diversified supplier channels to mitigate tariff exposures.

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 Occupational Health and Safety ("OHS") policies and compliance with the customer's site OHS 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 product and service liability 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 that the NSF (National Sanitation Foundation) revokes its certification.

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

Market Risk & Non-Continuation of Contracts from Key Customers

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.

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De.mem mitigates this risk by implementing robust operational procedures, diversifying supplier channels, 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 & Privacy Liability insurance to reduce its exposure to this risk.

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:

Andreas Hendrik (Harry) De Wit - Non-Executive Chairman (assumed the role on 1 May 2025)

Andreas Kroell - Chief Executive Officer and Director

Bernd Dautel - Non-Executive Director

Michael Edwards - Non-Executive Director

Danny Conlon - Non-Executive Director

Cosimo Trimiglozzi - Non-Executive Director (retired on 1 May 2025 as Non-Executive Chairman and 31 December 2025 as Non-Executive Director)

Principal activities

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 and workshops in Australia (Melbourne, Brisbane, Perth, Kalgoorlie, Launceston and Wodonga), Singapore and Velbert, Germany.

De.mem Ltd (ASX:DEM) provides a "one stop shop" offering around high-quality water and waste treatment chemicals, services, equipment, 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. It also offers systems for domestic and residential water treatment applications.

Dividends

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

Significant changes in the state of affairs

On 1 April 2025, the Company issued a total of 110,000 fully paid ordinary shares on the exercise of performance rights previously granted under the Company's Employee Incentive Plan. This tranche of performance right was valued at \$0.20 per share, reflecting the assumptions and value at grant date.

On 1 May 2025, Mr. Cosimo Trimiglozzi retired as Non-Executive Chairman of the Company and Mr. Harry De Wit assumed the role of the Non-Executive Chairman.

On 26 May 2025, the Company issued a total of 115,384 fully paid ordinary shares at a price of \$0.13 (13 cents) per share to Mr Andrew Tay (CFO) as part of his 2024 compensation package.

On 3 July 2025, the Company issued 400,000 fully paid ordinary shares at \$0.10 (10 cents) per share as milestone payment for acquisition of Auswater.

On 24 October 2025, the Company issued 26,190,473 ordinary shares at \$0.105 (10.5 cents) per share and raised \$2,750,000 (before costs) from a placement.

On 31 October 2025, the Company issued 3,575,254 ordinary shares at \$0.102 (10.2 cents) per share as part consideration for the acquisition of Core Chemicals.

On 3 November 2025, the Company announced that it has acquired 100% of the shares in Core Chemicals Pty Ltd ("Core Chemicals") effective 31 October 2025. Core Chemicals is a specialty chemicals and service business that supplies West

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Australian gold mining clients. The Company's products help gold mining clients maximise gold extraction and recovery of tiny gold fragments from the refining waste stream.

The Company acquired Core Chemicals with the total consideration of \$2,707,000 consists of:

- Tranche 1. \$2,430,000 upon completion, comprising approximately \$2,070,000 in cash and \$360,000 in De.mem fully paid ordinary ASX listed shares ("DEM shares");
- Tranche 2. \$250,000, comprising \$212,500 in cash and \$37,500 in DEM shares, subject to the achievement of pre-tax profit of at least \$620,000 by Core Chemicals within the 12 months following the transaction; and
- Working capital. A final payment of \$27,000 was determined and made to the vendors for the working capital (i.e. inventory and chemicals at the date of completion).

On 15 December 2025, the Company closed a shareholder loan facility amounting to \$500,000 with an interest rate of 9% per annum, repayable over a term of 5 years and is not convertible into shares of the Company. The facility was provided in equal amounts of \$250,000 each by the Chairman and CFO of the Company.

On 18 December 2025, the Company issued 770,370 ordinary shares at \$0.135 (13.5 cents) per share as part of the consideration under an investor relations service agreement.

On 31 December 2025, Cosimo Trimigliozzi retired as the Non-Executive Director of the Company.

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 16 January 2026, the Company issued a total of 250,000 fully paid ordinary shares on the exercise of performance rights previously granted under the Company's Employee Incentive Plan. This tranche of performance right was valued at \$0.13 per share, reflecting the assumptions and value at grant date.

On 22 January 2026, the Company issued 2,380,952 fully paid ordinary shares at an issue price of \$0.105 (10.5 cents) per share to Chairman, Mr Harry De Wit, following a shareholders' approval at a general meeting held on 22 January 2026 as part of the funding for the Core Chemicals Pty Ltd Acquisition as announced on 17 October 2025.

Shareholders' approval was also obtained from the same General Meeting on 22 January 2026 to appoint Hall Chadwick Melbourne Audit as the Company's new auditor following the resignation of the previous auditor William Buck Audit (Vic) Pty Ltd.

No other matter or circumstance has arisen since 31 December 2025 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 manufacture, design, service, operate and promote water and waste water treatment products 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: Andreas Hendrik (Harry) De Wit
Title: Non-Executive Chairman (assumed the role on 1 May 2025)
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: 22,437,942 fully paid ordinary shares
Interests in options: 500,000 unlisted options
Interests in rights: None
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: Cosimo Trimigliozzi
Title: Non-Executive Director (retired on 1 May 2025 as Non-Executive Chairman and 31 December 2025 as Non-Executive Director)
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 / flavours 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: 1,865,902 fully paid ordinary shares
Interests in options: 750,000 unlisted options
Contractual rights to shares: None

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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: 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.

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 Somerset Minerals Limited (ASX:SMM) (appointed July 2024) and Metal Hawk Ltd (ASX:MHK) (appointed September 2023).
Former directorships (last 3 years): Non-Executive Chairman of Greenstone Resources Ltd (ASX:GSR) (August 2021 to June 2024), Non-Executive Chairman of Future Battery Minerals Ltd (ASX:FBM) (August 2020 – June 2024),
Special responsibilities: None
Interests in shares: None
Interests in options: 500,000 unlisted options
Contractual rights to shares: None

**De.mem Limited
Directors' report
31 December 2025**

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.

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: 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 Tony Di Pietro CA (appointed on 21 May 2025)

Mr Di Pietro is a Chartered Accountant with over 20 years of corporate accounting and governance experience, gained both in Australia and the UK. Mr Di Pietro has held senior roles within the Biotechnology/MedTech industry for the past 20 years including INOVIQ Ltd (ASX:IIQ), BARD1 Life Sciences Ltd (ASX:BD1), Sienna Cancer Diagnostics Ltd (SDX), and Acrux Ltd (ASX:ACR).

Mr Di Pietro has a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia and is a member of the Australian Institute of Company Directors. He has gained extensive technical accounting, corporate tax, and company secretarial experience throughout his professional career and played a significant role in the ASX listing of both SDX and ACR and the merger of SDX and BARD1, now INOVIQ Ltd. Earlier in his career, he gained valuable experience in other industry sectors, being employed by companies such as BHP Ltd, ExxonMobil Ltd, HSBC Ltd, and Wilson Group Ltd.

Mr Anthony Panther retired as the Company Secretary on 21 May 2025.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2025, and the number of meetings attended by each director were:

	Full Board	
	Held	Attended
Harry De Wit	9	9
Andreas Kroell	9	9
Bernd Dautel	9	6
Cosimo Trimiglozzi	9	9
Michael Edwards	9	9
Danny Conlon	9	9

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.

De.mem Limited
Directors' report
31 December 2025

The key management personnel of the consolidated entity consisted of the following directors of De.mem Limited:

- Harry De Wit (assumed role as Non-Executive Chairman on 1 May 2025)
- Andreas Kroell
- Cosimo Trimigliozi (retired on 1 May 2025 as Non-Executive Chairman and 31 December 2025 as Non-Executive Director)
- Bernd Dautel
- Michael Edwards
- Danny Conlon

And the following person:

- Andrew Tay (Chief Financial Officer)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2025	\$	\$	\$	\$	\$	\$	\$
Fixed Remuneration							
<i>Non-Executive Directors:</i>							
Harry De Wit	33,500	-	-	-	-	-	33,500
Cosimo Trimigliozi	32,500	-	-	-	-	-	32,500
Bernd Dautel	30,000	-	-	-	-	-	30,000
Michael Edwards	30,000	-	-	3,525	-	-	33,525
Danny Conlon	30,000	-	-	3,525	-	-	33,525
	-	-	-	-	-	-	-
<i>Executive Director:</i>							
Andreas Kroell *	316,250	-	10,215	43,188	6,172	21,579	397,404
<i>Other Key Management Personnel:</i>							
Andrew Tay	187,917	-	7,664	25,537	11,036	15,000	247,154
	<u>660,167</u>	<u>-</u>	<u>17,879</u>	<u>75,775</u>	<u>17,208</u>	<u>36,579</u>	<u>807,608</u>
Variable Remuneration							
<i>Executive Director:</i>							
Andreas Kroell *	-	75,000	-	-	-	-	75,000
<i>Other Key Management Personnel:</i>							
Andrew Tay **	-	30,000	-	-	-	-	30,000
	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>
	<u>660,167</u>	<u>105,000</u>	<u>17,879</u>	<u>75,775</u>	<u>17,208</u>	<u>36,579</u>	<u>912,608</u>

* The "Cash bonus" was approved by the Board in May 2025 after an assessment was carried out on the Group's and the CEO's individual performance during the year; It remains unpaid as of the date of this report. During the year, an amount of \$50,000 in respect of 2023 was paid.

** The "Cash bonus" is contractual. It is 50% based on the Company's profitability and 50% based on the CFO's individual performance. It remains unpaid as of the date of this report.

De.mem Limited
Directors' report
31 December 2025



2024

Fixed Remuneration

Non-Executive Directors:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
	\$	\$	\$	\$	\$	\$	\$
Cosimo Trimiglozzi	36,000	-	-	-	-	-	36,000
Bernd Dautel	30,000	-	-	-	-	-	30,000
Stuart Carmichael *	15,000	-	-	1,650	-	-	16,650
Michael Edwards	30,000	-	-	3,375	-	-	33,375
Danny Conlon	30,000	-	-	3,375	-	-	33,375
Harry De Wit	30,000	-	-	-	-	-	30,000

Executive Director:

Andreas Kroell **	302,917	-	17,205	37,933	5,510	-	363,565
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Other Key Management Personnel:

Andrew Tay	165,759	-	11,094	21,675	-	26,750	225,278
	<u>639,676</u>	<u>-</u>	<u>28,299</u>	<u>68,008</u>	<u>5,510</u>	<u>26,750</u>	<u>768,243</u>

Variable Remuneration

Executive Director:

Andreas Kroell **	-	120,000	-	-	-	-	120,000
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Other Key Management Personnel:

Andrew Tay ***	-	30,000	-	-	-	-	30,000
	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
	<u>639,676</u>	<u>150,000</u>	<u>28,299</u>	<u>68,008</u>	<u>5,510</u>	<u>26,750</u>	<u>918,243</u>

* Retired on 28 May 2024.

** The "Cash bonus" was approved by the Board in January 2025 after an assessment was carried out on the Group's and the CEO's individual performance during the year; It remains unpaid as of the date of this report.

*** The "Cash bonus" is contractual. It is 50% based on the Company's profitability and 50% based on the CFO's individual performance.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	2025	2024	2025	2024
<i>Non-Executive Directors:</i>						
Harry De Wit	100%	100%	-	-	-	-
Cosimo Trimiglozzi	100%	100%	-	-	-	-
Bernd Dautel	100%	100%	-	-	-	-
Michael Edwards	100%	100%	-	-	-	-
Danny Conlon	100%	100%	-	-	-	-
Stuart Carmichael	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Andreas Kroell	77%	75%	18%	25%	5%	-
<i>Other Key Management Personnel:</i>						
Andrew Tay	85%	88%	11%	12%	4%	-

De.mem Limited
Directors' report
31 December 2025

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 July 2025
Term of agreement: Permanent
Details: Base salary of A\$332,000 per annum, and an annual bonus to be decided by the Board.

Name: Andrew Tay
Title: Chief Financial Officer
Agreement commenced: 1 August 2025
Term of agreement: Permanent
Details: Base salary of A\$192,000 per annum, \$30,000 performance bonus per annum and \$15,000 per annum in shares.

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

Share-based compensation

Issue of shares

On 26 May 2025, the Company issued a total of 115,384 fully paid ordinary shares at a price of \$0.13 cents per share to Mr Andrew Tay (CFO) as part of his 2024 compensation package.

Options

The table below set out the options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2025:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Harry 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
Bernd Dautel	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 2024 have a minimum service period of 2 years.

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 2025 are set out below:

Name	Number of options granted during the year 2025	Number of options granted during the year 2024	Number of options vested during the year 2025	Number of options vested during the year 2024
Harry De Wit	-	-	-	-
Andreas Kroell	2,000,000	-	-	-
Cosimo Trimigliozzi *	-	-	-	-
Bernd Dautel	-	-	-	-
Michael Edwards	-	-	-	-
Danny Conlon	-	-	-	-
Andrew Tay	-	-	-	-

* Retired on 1 May 2025 as Non-Executive Chairman and 31 December 2025 as Non-Executive Director

Valuation of options and performance rights

The fair value of equity settled share options and performance rights granted is measured at grant date, using Black Scholes option pricing model for options and a share price at grant date for performance rights.

Key inputs to the valuation model for options granted during the year ended 31 December 2025 were as follows:

Grant date	Instrument type	Share price at grant	Exercise price *	Expected volatility	Expected life	Risk-free interest rate *	Expected dividends	Fair value per option
16/01/2023	Options	\$0.130	\$0.121	100%	3 years	3.495%	n/a	\$0.084
05/04/2023	Options	\$0.170	\$0.179	100%	3 years	3.202%	n/a	\$0.106
06/04/2023	Options	\$0.135	\$0.139	100%	4 years	3.202%	n/a	\$0.094
23/06/2023	Options	\$0.155	\$0.206	100%	3 years	3.97%	n/a	\$0.090
20/05/2025	Performance rights	\$0.120	n/a	n/a	3 years	3.47%	n/a	\$0.115

* Performance rights are valued at an average price derived from the past 5 days' closing price prior to the grant date

Expected volatility is estimated by reference to the historical volatility of the Company's share price over a period commensurate with the expected life of the options. The risk free interest rate is based on Australian government bond yields at the grant date with a term similar to the expected life of the options.

Additional information

The earnings of the consolidated entity for the five years to 31 December 2025 are summarised below:

	2025 \$'000	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000
Loss after income tax	(2,026)	(2,770)	(3,134)	(3,455)	(4,440)

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

	2025	2024	2023	2022	2021
Share price at financial year end (\$)	0.11	0.13	0.11	0.11	0.23
Basic earnings per share (cents per share)	(0.01)	(1.00)	(1.28)	(1.51)	(2.15)
Diluted earnings per share (cents per share)	(0.01)	(1.00)	(1.28)	(1.51)	(2.15)

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 ⁽³⁾	Other ⁽⁴⁾	Balance at the end of the year
Ordinary shares					
Harry De Wit ⁽¹⁾	21,777,942	-	660,000	-	22,437,942
Andreas Kroell	3,213,341	-	-	-	3,213,341
Bernd Dautel	800,000	-	-	-	800,000
Cosimo Trimiglozzi ⁽²⁾	1,865,902	-	-	(1,865,902)	-
Andrew Tay	500,000	115,384	-	-	615,384
	<u>28,157,185</u>	<u>115,384</u>	<u>660,000</u>	<u>(1,865,902)</u>	<u>27,066,667</u>

(1) Assumed role as Non-Executive Chairman on 1 May 2025.

(2) Retired on 1 May 2025 as Non-Executive Chairman and 31 December 2025 as Non-Executive Director.

(3) "Additions" for Harry De Wit are the number of shares purchased on-market during the year.

(4) "Other" for Cosimo Trimiglozzi is the number of shares held when he retired as director on 31 December 2025.

De.mem Limited
Directors' report
31 December 2025

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 / other *	Balance at the end of the year
<i>Options over ordinary shares</i>					
Harry De Wit	500,000	-	-	-	500,000
Bernd Dautel	500,000	-	-	-	500,000
Michael Edwards	500,000	-	-	-	500,000
Danny Conlon	500,000	-	-	(500,000)	-
Cosimo Trimiglozzi	750,000	-	-	(750,000)	-
Andrew Tay	250,000	-	-	-	250,000
	<u>3,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>(1,250,000)</u>	<u>1,750,000</u>

* "Other" for Cosimo Trimiglozzi is the number of options held when he retired as director during the year.

Performance right holding

The number of performance rights 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 / other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Andreas Kroell	-	2,000,000	-	-	2,000,000
	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>

Loans from/to key management personnel and their related parties

Other than the loan notes from the Chairman and the Chief Financial Officer as disclosed in Notes 15 and 19 to the financial statements, there were no loans to or from directors or other key management personnel during the financial year.

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
5 April 2023	5 April 2026	\$0.1790	500,000
6 April 2023	6 April 2027	\$0.1380	250,000
23 June 2023	23 June 2026	\$0.2058	<u>2,250,000</u>
			<u><u>3,000,000</u></u>

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 2025 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	Vesting date	Expiry date	Exercise price	Number under rights
1 April 2025	1 January 2027	1 January 2028	\$0.0000	300,000
1 April 2025	1 January 2028	1 January 2029	\$0.0000	150,000
29 May 2025	31 December 2027	31 December 2028	\$0.0000	<u>2,000,000</u>
				<u><u>2,450,000</u></u>

The vesting of the performance rights granted is subject to the continuation of employment until the respective vesting dates 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

On 1 April 2025, the Company issued a total of 110,000 fully paid ordinary shares on the exercise of performance rights previously granted under the Company's Employee Incentive Plan. This tranche of performance right was valued at \$0.20 per share, reflecting the assumptions and value at grant date.

On 16 January 2026, the Company issued a total of 250,000 fully paid ordinary shares on the exercise of performance rights previously granted under the Company's Employee Incentive Plan. This tranche of performance right was valued at \$0.13 per share, reflecting the assumptions and value at grant date.

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 the 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 Hall Chadwick Melbourne

There are no officers of the Company who are former directors of Hall Chadwick Melbourne.

**De.mem Limited
Directors' report
31 December 2025**

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 Audit (Vic) Pty Ltd tendered its resignation on 27 October 2025.

Hall Chadwick Melbourne's appointment was confirmed on 22 January 2026 and 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

27 February 2026
Melbourne

DE.MEM LIMITED
ABN 12 614 756 642

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF DE.MEM LIMITED**

As lead auditor for the review of De.mem Limited for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

**Hall Chadwick Melbourne Audit
Chartered Accountants
Level 14, 440 Collins Street
MELBOURNE VIC 3000**



Anh (Steven) Nguyen
Registered Company Auditor
Director

Date: 27 February 2026

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De.mem Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

	Note	Consolidated 2025 \$'000	2024 \$'000
Revenue	5	29,890	24,898
Cost of sales		<u>(17,163)</u>	<u>(14,735)</u>
Gross profit		12,727	10,163
Finance income		55	47
Other income		82	178
Administrative and corporate expenses	6	(2,530)	(2,800)
Employee benefits expenses	7	(8,917)	(7,776)
Depreciation and amortisation expense		(2,828)	(2,395)
Impairment of terminated BOOT asset	12	(494)	-
Interest expense		(96)	(102)
Business acquisition costs		<u>(32)</u>	<u>(55)</u>
Loss before income tax (expense)/benefit		(2,033)	(2,740)
Income tax (expense)/benefit		<u>7</u>	<u>(30)</u>
Loss after income tax (expense)/benefit for the year attributable to the owners of De.mem Limited		(2,026)	(2,770)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(148)</u>	<u>(24)</u>
Other comprehensive loss for the year, net of tax		<u>(148)</u>	<u>(24)</u>
Total comprehensive loss for the year attributable to the owners of De.mem Limited		<u><u>(2,174)</u></u>	<u><u>(2,794)</u></u>
		Cents	Cents
Basic earnings per share	29	(0.01)	(1.00)
Diluted earnings per share	29	(0.01)	(1.00)

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 2025

	Note	Consolidated 2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	3,941	3,632
Trade and other receivables	9	3,977	3,949
Inventories	10	1,999	1,265
Term deposits		92	86
Income tax receivable		36	13
Prepayments		157	291
Contract assets		91	196
Total current assets		10,293	9,432
Non-current assets			
Term deposits		50	50
Right-of-use assets	11	1,083	1,228
Property, plant and equipment	12	2,243	3,175
Intangible assets	13	7,341	6,692
Total non-current assets		10,717	11,145
Total assets		21,010	20,577
Liabilities			
Current liabilities			
Trade and other payables	14	3,502	4,152
Contract liabilities		311	467
Borrowings	15	205	52
Lease liabilities	16	618	660
Employee benefits	17	1,279	1,094
Other provisions		8	-
Total current liabilities		5,923	6,425
Non-current liabilities			
Trade and other payables	14	-	50
Contract liabilities		115	483
Borrowings	15	375	-
Lease liabilities	16	599	654
Employee benefits	17	33	45
Total non-current liabilities		1,122	1,232
Total liabilities		7,045	7,657
Net assets		13,965	12,920
Equity			
Issued capital	18	46,712	43,621
Reserves		497	1,088
Accumulated losses		(33,244)	(31,789)
Total equity		13,965	12,920

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 2025

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2024	39,357	268	967	(29,019)	11,573
Loss after income tax expense for the year	-	-	-	(2,770)	(2,770)
Other comprehensive loss for the year, net of tax	-	(24)	-	-	(24)
Total comprehensive loss for the year	-	(24)	-	(2,770)	(2,794)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 18)	2,164	-	-	-	2,164
Shares issued for advisory services rendered (note 18)	56	-	-	-	56
Shares issued for the acquisition of Auswater business (note 18)	1,909	-	-	-	1,909
Vesting of share-based payment arrangements (note 30)	135	-	(135)	-	-
Vesting of share based payment	-	-	12	-	12
Balance at 31 December 2024	<u>43,621</u>	<u>244</u>	<u>844</u>	<u>(31,789)</u>	<u>12,920</u>

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 2025

Consolidated

	Issued capital \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2025	43,621	244	844	(31,789)	12,920
Loss after income tax benefit for the year	-	-	-	(2,026)	(2,026)
Other comprehensive loss for the year, net of tax	-	(148)	-	-	(148)
Total comprehensive loss for the year	-	(148)	-	(2,026)	(2,174)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 18)	2,544	-	-	-	2,544
Shares issued for consideration under Tranche 2 for the acquisition of Auswater business, net of transaction costs (note 18)	40	-	-	-	40
Shares issued for consideration under Tranche 1 for the acquisition of Core Chemicals business, net of transaction (note 18)	365	-	-	-	365
Exercise of performance rights (note 18)	23	-	(23)	-	-
Shares issued to an employee under contractual remuneration terms (note 18)	15	-	(15)	-	-
Shares issued for advisory services rendered (note 18)	104	-	-	-	104
Vesting of share based payment	-	-	166	-	166
Expiry of options	-	-	(571)	571	-
Balance at 31 December 2025	<u>46,712</u>	<u>96</u>	<u>401</u>	<u>(33,244)</u>	<u>13,965</u>

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

De.mem Limited
Consolidated statement of cash flows
For the year ended 31 December 2025

	Note	Consolidated 2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		32,313	28,438
Payments to suppliers and employees (inclusive of GST)		(31,939)	(28,198)
Interest received		55	59
Interest and other finance costs paid		(96)	(83)
Income tax refund/(paid)		17	(46)
Transaction costs relating to Auswater and Core Chemicals acquisition		(32)	(55)
Net cash from/(used in) operating activities	28	318	115
Cash flows from investing activities			
Payments for property, plant and equipment	12	(309)	(125)
Payments for intangibles	13	(2)	(167)
Payment for consideration for acquisition of Auswater business		(110)	(1,363)
Payment for consideration for purchase of Border Pumpworks' assets		-	(380)
Payment for consideration for purchase of Core Chemicals business	25	(2,098)	-
Proceeds from disposal of property, plant and equipment		6	11
Proceeds from maturity of term deposits		-	800
Net cash used in investing activities		(2,513)	(1,224)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	18	2,544	3,094
Proceeds from share placement, pending shareholders' approval		250	-
Proceeds from issuance of Loan Notes	15	500	-
Repayment of borrowings		(132)	(119)
Repayment of lease liabilities		(729)	(693)
Net cash from financing activities		2,433	2,282
Net increase in cash and cash equivalents		238	1,173
Cash and cash equivalents at the beginning of the financial year		3,632	2,403
Effects of exchange rate changes on cash and cash equivalents		71	56
Cash and cash equivalents at the end of the financial year	8	3,941	3,632

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

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 1. General information

The financial statements cover De.mem Limited as a consolidated entity consisting of De.mem Limited ("the Company") and the entities it controlled (collectively "the consolidated entity" or "the Group") 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:

Suite 2, Level 11
385 Bourke Street
Melbourne VIC 3000
Australia

A description of the nature of the consolidated entity's operations and its principal activities is 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 27 February 2026. 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.

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.

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 24.

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

Note 2. Material accounting policy information (continued)

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 from contracts with customers

The Group generates revenue from the following main streams:

- Sale of water treatment equipment and consumables (including chemicals);
- Build own operate/build own operate transfer ("BOO/BOOT") and other long term water treatment contracts;
- Operations and maintenance ("O&M") services; and
- Other services and fees.

Revenue is recognised when control of the goods or services is transferred to the customer, at the amount of consideration to which the Group expects to be entitled, net of returns, trade discounts and volume rebates. The Group applies the five step model in AASB 15.

Sale of equipment and consumables

For sales of standard equipment and consumables, the Group typically satisfies its performance obligation at a point in time, when control of the asset passes to the customer (generally on delivery or installation, depending on the contract terms). The transaction price is usually fixed and is recognised as revenue at that point in time.

BOO/BOOT and long term contracts

Under BOO/BOOT and other long term contracts, the Group provides design, construction, installation and operation of water treatment plants. These services are generally assessed as a single performance obligation satisfied over time, because the customer controls the asset as it is created or enhanced, or the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognised over time using an input method (costs incurred relative to total expected costs), which faithfully depicts the Group's performance in transferring control of the services to the customer. Contract revenue and costs are reviewed at each reporting date and updated where necessary.

Operations and maintenance services

O&M services are typically provided under time based or volume based service contracts. The performance obligation is satisfied over time as services are rendered, and revenue is recognised on a straight line basis over the contract term, or based on units of output where this best reflects the pattern of transfer.

Variable consideration

Some contracts include variable consideration in the form of volume based charges, performance bonuses or penalties. Variable consideration is estimated at contract inception using the expected value or most likely amount method and is included in the transaction price only to the extent that it is highly probable that a significant reversal will not occur when the uncertainty is resolved. Estimates are reassessed at each reporting date.

Contract assets and contract liabilities

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time (e.g. future performance). A contract liability (deferred revenue) is recognised when the Group receives consideration, or has an unconditional right to consideration, before it has satisfied the related performance obligation.

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.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business for at least twelve months from the date of signing these financial statements.

For the year ended 31 December 2025, De.mem incurred a loss after income tax of \$2,026,000 (2024: \$2,770,000) and had net cash inflows from operating activities of \$318,000 (2024: \$115,000 net cash inflow) and accumulated losses of \$33 million. The Group is in a growth phase and continues to invest in business combinations, customer relationships and development activities.

The Directors have prepared cash flow forecasts covering a period of at least twelve months from the date of signing these financial statements. These forecasts indicate that the Company will be able to meet its obligations as and when they fall due, based on:

- existing cash and cash equivalents of \$3,941,000 at 31 December 2025;
- expected cash flows from operations, including contracted BOO/BOOT and service revenues; and
- available funding facilities and support from existing shareholders, including loan notes.

On this basis, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis and believe that no material uncertainty exists that may cast significant doubt on De.mem's ability to continue as a going concern.

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

De.mem's Singaporean subsidiary has obtained National Sanitation Foundation's approval to sell its Graphene Oxide enhanced membrane technology into the USA for drinking water applications ("the process"). Refer to note 13 for the amortisation policy of the total costs incurred during the process.

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.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Customer relationships

The useful life of the customer relationships has been assessed as follows:

- Capic 10 years
- Border Pumpworks 2 years
- Auswater 4 years (reduced from 7 years)
- Core Chemicals 7 years

These assessment were 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.

Impairment testing of goodwill and other indefinite life intangibles

Goodwill and customer relationship intangibles with indefinite or long useful lives are allocated to cash generating units ("CGUs") for the purpose of impairment testing. The Group's CGUs reflect the lowest level at which goodwill is monitored for internal management purposes and are broadly aligned with the geographic operating segments: Australia, Singapore and Germany.

At 31 December 2025, the Group has allocated goodwill and customer relationship intangibles to the following CGUs:

CGU	Goodwill \$'000	Customer relationships \$'000
Australia	1,215	5,703
Singapore	-	-
Germany	-	-
Total	1,215	5,703

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

The recoverable amount of each CGU is determined based on value in use calculations, using cash flow projections approved by the Board covering a three years period. Cash flows beyond the forecast period are extrapolated using a terminal growth rate that does not exceed the long term average growth rate for the water treatment industry in the relevant markets.

Key assumptions used for value in use calculations at 31 December 2025 are as follows:

CGU	Pre-tax discount rate	Terminal growth rate	Forecast period (years)
Australia	15.25%	3.00%	3
Singapore	-	-	-
Germany	-	-	-

The discount rates reflect current market assessments of the time value of money and the risks specific to each CGU. The growth rates used are based on past experience and expectations of future market conditions.

Sensitivity analysis

For each CGU, management has assessed the reasonable possible changes in key assumptions that would result in the carrying amount exceeding its recoverable amount. At 31 December 2025, for the CGUs to break even (i.e. recoverable amount equal to carrying amount), the following changes in assumptions would need to occur, in isolation:

- an increase in the pre-tax discount rate by 10 percentage points; or
- a reduction in forecast pre-tax margins of 8 percentage points.

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 2025, revenue from two customers of the Group's Australian CGU represented approximately 10.1% (2024: 10.5%) of the Group's total revenue. Revenue from these customers amounted to \$1,513,000 and \$1,508,000 respectively (2024: \$583,000 and \$2,037,000). No other single customer accounted for more than 10% of the Group's revenue.

Corporate represents head office.

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 4. Segment Reporting (continued)

Operating segment information

	Singapore \$'000	Australia \$'000	Germany \$'000	Corporate \$'000	Total \$'000
Consolidated - 2025					
Revenue					
Revenue from external customers	883	25,940	3,440	44	30,307
Intersegment revenue	(14)	(403)	-	-	(417)
Total revenue	869	25,537	3,440	44	29,890
Segment result before tax	(1,007)	1,341	8	(2,375)	(2,033)
Loss before income tax benefit					(2,033)
Income tax benefit					7
Loss after income tax benefit					(2,026)
Assets					
Segment assets	2,575	11,365	1,090	19,660	34,690
Intersegment eliminations					(13,680)
Total assets					21,010
Liabilities					
Segment liabilities	2,703	15,874	424	1,349	20,350
Intersegment eliminations					(13,305)
Total liabilities					7,045
Consolidated - 2024					
Revenue					
Revenue from external customers	967	21,172	3,411	42	25,592
Intersegment revenue	(43)	(651)	-	-	(694)
Total revenue	924	20,521	3,411	42	24,898
Segment result before tax	(793)	(573)	11	(1,385)	(2,740)
Loss before income tax expense					(2,740)
Income tax expense					(30)
Loss after income tax expense					(2,770)
Assets					
Segment assets	3,154	12,193	1,140	17,422	33,909
Intersegment eliminations					(13,332)
Total assets					20,577
Liabilities					
Segment liabilities	2,082	19,110	504	13,461	35,157
Intersegment eliminations					(27,500)
Total liabilities					7,657

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 5. Revenue

Disaggregation of revenue

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

Consolidated - 2025	Rendering of services \$'000	Sale of goods \$'000	Projects and equipment \$'000	Total \$'000
<i>Geographical regions</i>				
Australia	3,311	20,558	1,712	25,581
Singapore	869	-	-	869
Germany	316	2,726	398	3,440
	<u>4,496</u>	<u>23,284</u>	<u>2,110</u>	<u>29,890</u>

Timing of revenue recognition

Goods transferred at a point in time	-	23,284	-	23,284
Services transferred over time	4,496	-	2,110	6,606
	<u>4,496</u>	<u>23,284</u>	<u>2,110</u>	<u>29,890</u>

Consolidated - 2024

	Rendering of services \$'000	Sale of goods \$'000	Projects and equipment \$'000	Total \$'000
<i>Geographical regions</i>				
Australia	2,927	16,107	1,598	20,632
Singapore	967	-	-	967
Germany	188	2,748	363	3,299
	<u>4,082</u>	<u>18,855</u>	<u>1,961</u>	<u>24,898</u>

Timing of revenue recognition

Goods transferred at a point in time	-	18,855	-	18,855
Services transferred over time	4,082	-	1,961	6,043
	<u>4,082</u>	<u>18,855</u>	<u>1,961</u>	<u>24,898</u>

Note 6. Administrative and corporate expenses

	Consolidated	
	2025	2024
	\$'000	\$'000
Sales, marketing and business development costs	568	142
Consulting, professional fees and legal costs	172	19
Compliance, listing and other regulatory costs	246	476
Legal expenses	49	174
Insurance	321	317
Consulting costs	103	140
Technology and IT	102	139
Bad and doubtful debts	11	(6)
Rent & Outgoings	204	87
Other administration and corporate expenses	754	1,312
	<u>2,530</u>	<u>2,800</u>

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 7. Employee benefits expenses

	Consolidated	
	2025	2024
	\$'000	\$'000
Short-term employee benefits	7,650	7,392
Post-employment benefits	571	353
Long-term benefits	579	56
Share based payments	117	(25)
	<u>8,917</u>	<u>7,776</u>

Note 8. Cash and cash equivalents

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current assets</i>		
Cash on hand	1	1
Cash at bank	3,348	2,831
Short-Term deposits	592	800
	<u>3,941</u>	<u>3,632</u>

Note 9. Trade and other receivables

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	3,964	3,924
Less: Allowance for expected credit losses	(13)	(3)
	<u>3,951</u>	<u>3,921</u>
Other receivables	26	28
	<u>3,977</u>	<u>3,949</u>

The Company has \$33,000 (2024: \$nil) in retentions receivables as at 31 December 2025 against its Provision for Defects Liabilities upon expiry of the warranty period.

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	
	2025	2024	2025	2024	2025	2024
Consolidated	%		\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	2,702	2,705	-	-
0 to 2 months overdue	-	-	1,186	1,014	-	-
3 to 4 months overdue	-	1%	76	138	-	2
Over 4 months overdue	100%	1%	13	92	13	1
			<u>3,977</u>	<u>3,949</u>	<u>13</u>	<u>3</u>

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 10. Inventories

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current assets</i>		
Consumables and supplies	1,999	1,265

Accounting policy for inventories

Inventories are stated at the lower of cost and net realisable value. Costs include 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	
	2025	2024
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	2,085	1,868
Less: Accumulated depreciation	(1,166)	(890)
	919	978
Motor vehicles - right-of-use	262	427
Less: Accumulated depreciation	(98)	(177)
	164	250
	1,083	1,228

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 2024	223	1,067	1,290
Additions	60	520	580
Disposals	-	(54)	(54)
Exchange differences	-	3	3
Depreciation expense	(33)	(558)	(591)
Balance at 31 December 2024	250	978	1,228
Additions	45	597	642
Disposals	(102)	-	(102)
Exchange differences	-	3	3
Depreciation expense	(29)	(659)	(688)
Balance at 31 December 2025	164	919	1,083

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.

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

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

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 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	
	2025	2024
	\$'000	\$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	24	47
Less: Accumulated depreciation	(13)	(38)
	11	9
Plant and equipment - at cost	5,193	5,745
Less: Accumulated depreciation	(2,961)	(2,579)
	2,232	3,166
	2,243	3,175

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 2024	9	11	3,839	-	3,859
Additions	-	-	125	-	125
Impairment of assets	(9)	-	-	-	(9)
Depreciation expense	-	(2)	(798)	-	(800)
Balance at 31 December 2024	-	9	3,166	-	3,175
Additions	-	9	300	-	309
Transfer of assets	-	17	(17)	-	-
Disposals	-	(22)	-	-	(22)
Exchange differences	-	-	3	-	3
Impairment of BOOT assets *	-	-	(494)	-	(494)
Depreciation expense	-	(2)	(726)	-	(728)
Balance at 31 December 2025	-	11	2,232	-	2,243

* Impairment charge on the net book value of an asset under a Build, Own, Operate, Transfer ("BOOT") agreement resulting from the termination of the contract.

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.

Note 12. Property, plant and equipment (continued)

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	
	2025	2024
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	1,215	259
Development - at cost	627	633
Less: Accumulated amortisation	(210)	(82)
	<u>417</u>	<u>551</u>
Software - at cost	21	19
Less: Accumulated amortisation	(15)	(11)
	<u>6</u>	<u>8</u>
Customer relationships	8,997	8,319
Less: Accumulated amortisation	(3,294)	(2,445)
	<u>5,703</u>	<u>5,874</u>
	<u><u>7,341</u></u>	<u><u>6,692</u></u>

Reconciliations

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

Note 13. Intangible assets (continued)

Consolidated	Goodwill \$'000	Development \$'000	Software \$'000	Customer relationships \$'000	Total \$'000
Balance at 1 January 2024	-	466	12	4,964	5,442
Additions	-	140	-	-	140
Additions through acquisition of Auswater	259	-	-	1,490	1,749
Additions through acquisition of assets	-	-	-	338	338
Exchange differences	-	27	-	-	27
Amortisation expense	-	(82)	(4)	(918)	(1,004)
Balance at 31 December 2024	259	551	8	5,874	6,692
Additions	-	-	2	-	2
Additions through acquisition of Core Chemicals (note 25)	956	-	-	1,108	2,064
Exchange differences	-	(6)	-	-	(6)
Amortisation expense	-	(128)	(4)	(1,279)	(1,411)
Balance at 31 December 2025	<u>1,215</u>	<u>417</u>	<u>6</u>	<u>5,703</u>	<u>7,341</u>

Change in accounting estimates

During the current year, management reassessed the expected useful life of the customer relationship intangible arising from the Auswater acquisition. Based on updated expectations of customer retention, contract durations and observed churn rates, the estimated useful life was reduced from 7 years to 4 years with effect from 1 January 2025. This change in estimate has been applied prospectively in accordance with AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and resulted in an increase in amortisation expense of \$160,000 for the year ended 31 December 2025 compared to the amount that would have been recognised under the previous estimate. The revised useful life will result in higher amortisation charges in future periods over the remaining amortisation period.

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.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill has indefinite useful life and is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

De.mem's CGUs represent the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. They reflect the level at which the Company monitors and manages its operations.

Note 14. Trade and other payables

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	1,513	2,296
Accruals and other payables *	1,727	1,656
Deferred consideration	-	150
Contingent consideration	262	50
	3,502	4,152
<i>Non-current liabilities</i>		
Contingent consideration	-	50
	3,502	4,202
	3,502	4,202

* Include \$250,000 share placement amount as part of the funding for the Core Chemicals Pty Ltd Acquisition received from the Chairman, Mr Harry De Wit. The amount was temporarily recognised as Other Payable pending shareholders' approval for the issuance of shares at the end of the financial year. Subsequently, following a shareholders' approval at a general meeting held on 22 January 2026, the Company issued 2,380,952 fully paid ordinary shares at an issue price of \$0.105 (10.5 cents) per share, equivalent to \$250,000 to Mr Harry De Wit.

Refer to note 19 for further information on financial instruments.

Note 15. Borrowings

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current liabilities</i>		
Loan notes *	125	-
Other borrowings	80	52
	205	52
<i>Non-current liabilities</i>		
Loan notes *	375	-
	580	52
	580	52

Refer to note 19 for further information on financial instruments.

** Loan notes*

On 15 December 2025 De.mem closed a shareholder loan facility amounting to \$500,000. The purpose of the loan is to contribute to the financing of Core Chemicals acquisition (see ASX Investor Presentation dated 17 October 2025) and to provide the Company with additional working capital funding to scale up Core Chemicals' business. The debt finance loan is unsecured at an annual interest rate of 9%. It is to be repaid over a term of 5 years and is not convertible into De.mem shares.

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Note 16. Lease liabilities

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current liabilities</i>		
Lease liability - land and buildings	552	660
Lease liability - motor vehicles	66	-
	<u>618</u>	<u>660</u>
<i>Non-current liabilities</i>		
Lease liability - land and buildings	462	480
Lease liability - motor vehicles	137	174
	<u>599</u>	<u>654</u>
	<u><u>1,217</u></u>	<u><u>1,314</u></u>

Refer to note 19 for further information on financial instruments.

Future minimum lease payments at 31 December 2025	Within 1 year	Between 1 and 5 years	Total
Lease payments	670	641	1,311
Finance charges	(52)	(42)	(94)
Net present values	<u>618</u>	<u>599</u>	<u>1,217</u>

Future minimum lease payments at 31 December 2024	Within 1 year	Between 1 and 5 years	Total
Lease payments	676	683	1,359
Finance charges	(16)	(29)	(45)
	<u>660</u>	<u>654</u>	<u>1,314</u>

Note 17. Employee benefits

	Consolidated	
	2025	2024
	\$'000	\$'000
<i>Current liabilities</i>		
Annual leave	991	881
Long service leave	288	213
	<u>1,279</u>	<u>1,094</u>
<i>Non-current liabilities</i>		
Long service leave	33	45
	<u>1,312</u>	<u>1,139</u>

Note 18. Issued capital

	2025	Consolidated		
	Shares	2024	2025	2024
		Shares	\$'000	\$'000
Ordinary shares - fully paid	323,954,858	292,793,377	46,712	43,621

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2024	245,306,369		39,357
Placement	26 February 2024	18,333,168	\$0.0900	1,650
Placement	12 June 2024	18,500,000	\$0.1000	1,850
Placement	28 June 2024	6,111,111	\$0.0900	550
Shares issued for the acquisition of Auswater	1 July 2024	1,100,917	\$0.1090	120
Placement	21 August 2024	2,500,000	\$0.1000	250
Issue of shares for advisory services	21 August 2024	249,219	\$0.1204	30
Placement	26 September 2024	192,593	\$0.1350	26
Exercise of performance rights	26 September 2024	500,000	\$0.2700	135
Capital raising cost		-	\$0.0000	(347)
Balance	31 December 2024	292,793,377		43,621
Exercise of performance rights	1 April 2025	110,000	\$0.2000	23
Issuance of shares to an employee under contractual remuneration terms	26 May 2025	115,384	\$0.1300	15
Issuance of shares as part consideration for the acquisition of Auswater	3 July 2025	400,000	\$0.1000	40
Placement	24 October 2025	26,190,473	\$0.1050	2,750
Issuance of shares as part consideration for the acquisition of Core Chemicals	31 October 2025	3,575,254	\$0.1020	365
Shares issued for advisory services *	18 December 2025	770,370	\$0.1350	104
Capital raising costs				(206)
Balance	31 December 2025	<u>323,954,858</u>		<u>46,712</u>

* The Company issued 770,370 ordinary shares at \$0.135 (13.5 cents) per share as part of the consideration under an investor relations service agreement.

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 19. 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.

	Consolidated	
	2025	2024
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	3,941	3,632
Trade and other receivables	3,977	3,949
Term deposits	142	136
Total Financial assets	8,060	7,717
Financial liabilities		
Trade and other payables	3,240	4,202
Borrowings	580	52
Lease liabilities	1,217	1,314
Contingent consideration	262	-
Total financial liabilities	5,299	5,568

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		Liabilities	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Euros	634	708	(157)	(405)
Singapore dollars	774	757	(331)	(58)
	1,408	1,465	(488)	(463)

The consolidated entity had net assets denominated in foreign currencies of \$920,000 as at 31 December 2025 (2024: net assets of \$1,002,000).

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.

Note 19. Financial instruments (continued)

Consolidated - 2025	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
Euro	12%	59	59	12%	(59)	(59)
Singapore dollar	7%	30	30	7%	(30)	(30)
		<u>89</u>	<u>89</u>		<u>(89)</u>	<u>(89)</u>

Consolidated - 2024	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on equity \$'000		Effect on profit before tax \$'000	Effect on equity \$'000
Euro	5%	35	35	5%	(35)	(35)
Singapore dollar	8%	61	61	8%	(61)	(61)
		<u>96</u>	<u>96</u>		<u>(96)</u>	<u>(96)</u>

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.

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Note 19. Financial instruments (continued)

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 - 2025	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					
<i>Non-interest bearing</i>					
Trade and other payables	-	3,240	-	-	3,240
Contingent consideration	-	262	-	-	262
<i>Interest-bearing - fixed rate</i>					
Loan note	-	125	375	-	500
Lease liabilities	-	618	599	-	1,217
Other borrowings	-	80	-	-	80
Total non-derivatives		4,325	974	-	5,299

Consolidated - 2024	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					
<i>Non-interest bearing</i>					
Trade and other payables	-	3,952	-	-	3,952
Deferred consideration	-	150	-	-	150
Contingent consideration	-	50	50	-	100
<i>Interest-bearing - fixed rate</i>					
Lease liabilities	-	660	654	-	1,314
Borrowings	-	52	-	-	52
Total non-derivatives		4,864	704	-	5,568

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

Lease Liabilities

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of the commencement date or modification date. The weighted average incremental borrowing rate applied to lease liabilities is 5.7% (2024: 5.2%)

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.

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Note 19. Financial instruments (continued)

Consolidated - 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	262	262
<hr/>				
Consolidated - 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Deferred consideration	-	-	150	150
Contingent consideration	-	-	100	100
<hr/>				
<hr/>				
<hr/>				

There were no transfers between levels during 2025.

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 20. Key management personnel disclosures

Directors

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

Andreas Hendrik (Harry) De Wit	Non-Executive Chairman (assumed role on 1 May 2025)
Andreas Kroell	Chief Executive Officer and Executive Director
Bernd Dautel	Non-Executive Director
Michael Edwards	Non-Executive Director
Mr Danny Conlon	Non-Executive Director
Cosimo Trimigliozzi	(retired as Non-Executive Chairman on 1 May 2025 and Non-Executive Director on 31 December 2025)

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Andrew Tay	Chief Financial Officer
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Note 20. Key management personnel disclosures (continued)

Compensation

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

	Consolidated	
	2025	2024
	\$	\$
Short-term employee benefits	783,046	817,975
Post-employment benefits	75,775	68,008
Long-term benefits	17,208	5,510
Share-based payments	36,579	26,750
	912,608	918,243
	912,608	918,243

Note 21. Remuneration of auditors

	Consolidated	
	2025	2024
	\$	\$
<i>Audit services - Hall Chadwick Melbourne</i>	35,000	-
<i>Audit services - William Buck Audit (Vic) Pty Ltd</i>	32,250	81,135
	67,250	81,135
	67,250	81,135

Note 22. Contingent liabilities

As at 31 December 2025 there are \$142,000 (2024: \$136,000) in term deposits held, representing bank warranties relating to a project and the completion of the defect liability period and bank guarantees for lease obligations.

Note 23. Related party transactions

Parent entity

De.mem Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 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.

Loans to/from related parties

Loan notes from key management personnel

During the year, the Group had loan funding arrangements in place with the Chairman, Harry De Witt, and the Chief Financial Officer, Andrew Tay. These loan notes are classified as borrowings and are disclosed in Note 15.

As at 31 December 2025, the aggregate carrying amount of loan notes from key management personnel was \$500,000 (2024: \$nil), comprising:

- i. Loan notes from the Chairman: \$250,000
- ii. Loan notes from the Chief Financial Officer: \$250,000

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Note 23. Related party transactions (continued)

The key terms of these loan notes are as follows:

- i. Principal amount: \$500,000 in total
- ii. Interest rate: 9% per annum, payable quarterly in arrears
- iii. Maturity date: 16 December 2030
- iv. Unsecured and subordinated to bank facilities
- v. Not convertible to De.mem's share

Interest expense on these loan notes recognised in profit or loss during the year was \$nil (2024: \$nil).

The Directors consider that the terms of these loans are not less favourable to De.mem than terms that could be obtained from unrelated third parties.

Note 24. Parent entity information

	Parent 2025 \$'000	Parent 2024 \$'000
Financial position		
Total current assets	1,185	1,060
Total non-current assets	5,703	5,874
Total assets	<u>6,888</u>	<u>6,934</u>
Total current liabilities	(1,122)	(859)
Total non-current liabilities	(377)	(50)
Total liabilities	<u>(1,499)</u>	<u>(909)</u>
Net assets	<u>5,389</u>	<u>6,025</u>
	Parent 2025 \$'000	Parent 2024 \$'000
Issued capital	46,712	43,621
Reserves	832	844
Accumulated losses	(42,155)	(38,439)
Total equity	<u>5,389</u>	<u>6,026</u>
	Parent 2025 \$'000	Parent 2024 \$'000
Financial performance		
Loss for the year	<u>(3,716)</u>	<u>(3,818)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2025 and 31 December 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025 and 31 December 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at 31 December 2025 and 31 December 2024.

Note 24. Parent entity information (Continued)

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 25. Business combinations

Acquisition of Core Chemicals

On 1 November 2025, the Company acquired 100% of the issued share capital of Core Chemicals Pty Ltd (“Core Chemicals”), a specialty chemicals and service business that supplies West Australian gold mining clients. The company’s products help old mining clients maximise gold extraction and recovery of tiny gold fragments from the refining waste stream. The acquisition complements De.mem’s existing water treatment solutions and expands its presence in Australia.

The provisional fair values of the identifiable assets and liabilities of Core Chemicals at the date of acquisition were as follows:

	Fair value \$'000
Trade receivables, Other receivables and Prepayments	756
Inventory	5
Plant and equipment	2
Customer relationships	1,108
Trade and other payables	(110)
Employee benefits	(10)
	<hr/>
Net identifiable assets acquired	1,751
Goodwill arising on acquisition	956
	<hr/>
Total consideration transferred	<u>2,707</u>
Consideration transferred:	
Cash paid on completion	2,070
Equity instruments (De.mem’s ordinary shares) issued to the vendor	360
Contingent consideration (Tranche 2)	250
Working capital and other adjustments	27
	<hr/>
	<u>2,707</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	2,707
Less: contingent consideration	(212)
Less: shares issued by the Company as part of consideration	(397)
	<hr/>
Net cash used	<u>2,098</u>

Note 23. Related party transactions (continued)

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised, including expected synergies, assembled workforce and market position.

Contingent consideration – Core Chemicals acquisition

As part of the purchase agreement with the previous owners of Core Chemicals, the Group agreed to pay additional consideration (“Tranche 2”) contingent on Core Chemicals achieving \$620,000 pre-tax profit before 30 October 2026 (12 months from the acquisition date).

The fair value of the contingent consideration at acquisition date was \$212,000, recognised as a financial liability. The liability is remeasured at each reporting date with changes in fair value recognised in profit or loss.

The fair value of the contingent consideration has been estimated using a probability weighted discounted cash flow model, applying the following key assumptions:

- Probability of meeting pre-tax profit target: 100%
- Discount rate applied to the expected payment: 18%

The contingent consideration is classified as a Level 3 fair value measurement under AASB 13 due to the use of unobservable inputs, including forecast pre-tax profit and discount rates. A reasonably possible change of 5% in the probability assessment would decrease the fair value of the liability by approximately \$10,000.

Fair Value Hierarchy – Explicit Level Disclosure

Fair value measurement

The Group measures certain financial instruments at fair value at each reporting date. Fair value is determined using the following hierarchy:

- Level 1 – quoted prices in active markets;
- Level 2 – observable inputs other than quoted prices; and
- Level 3 – unobservable inputs.

At 31 December 2025, the Group’s financial instruments measured at fair value on a recurring basis comprise:

Instrument	Level	2025 \$'000	Valuation technique
Contingent consideration – Core Chemicals	3	212	Probability-weighted DCF

There were no transfers between Levels 1, 2 and 3 during the year.

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 26. 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	
		2025 %	2024 %
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%
De.mem-Stevco Pty Ltd	Australia	100.00%	100.00%
Auswater System Pty Ltd	Australia	100.00%	100.00%
Core Chemicals Pty Ltd	Australia	100.00%	-

Note 27. Events after the reporting period

The Company issued 2,380,952 Fully Paid Ordinary Shares (Shares) on 22 January 2026 at an issue price of \$0.105 (10.5 cents) per share to Chairman, Mr Harry De Wit, following approval of shareholders at a general meeting held on 22 January 2026 and announced as part of the funding for the Core Chemicals Pty Ltd Acquisition announced on 17 October 2025.

Shareholders' approval was also obtained from the same General Meeting on 22 January 2026 to appoint Hall Chadwick Melbourne Audit as the Company's new auditor following the resignation of the previous auditor William Buck Audit (Vic) Pty Ltd.

On 16 January 2026, the Company issued a total of 250,000 fully paid ordinary shares on the exercise of performance rights previously granted under the Company's Employee Incentive Plan. This tranche of performance right was valued at \$0.13 per share, reflecting the assumptions and value at grant date.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 28. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2025	2024
	\$'000	\$'000
Loss after income tax (expense)/benefit for the year	(2,026)	(2,770)
Adjustments for:		
Depreciation and amortisation	3,322	2,395
Share-based payments	117	(25)
Bad debt expense	(11)	(6)
Business acquisition costs	32	55
Foreign exchange differences	(64)	20
Movements in assets and liabilities:		
Increase in trade and other receivables	(28)	(565)
Decrease in contract assets	105	828
Increase in inventories	(734)	(388)
Decrease/(increase) in other assets	678	(255)
(Decrease)/increase in trade and other payables	(700)	769
Decrease in contract liabilities	(524)	(26)
Increase in employee benefits	174	83
Decrease in income tax balances	(23)	-
Net cash from/(used in) operating activities	<u>318</u>	<u>115</u>

Note 29. Loss per share

	Consolidated	
	2025	2024
	\$'000	\$'000
Loss after income tax attributable to the owners of De.mem Limited	<u>(2,026)</u>	<u>(2,770)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>298,647,806</u>	<u>275,907,654</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>298,647,806</u>	<u>275,907,654</u>
	Cents	Cents
Basic earnings per share	(0.01)	(1.00)
Diluted earnings per share	(0.01)	(1.00)

As at 31 December 2025, the Group has 3,250,000 unlisted options (2024: 8,000,000) and 2,700,000 performance rights (2024: 610,000) on issue. These options are considered to be non-dilutive whilst the Group is in a loss position.

Note 30. 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.

De.mem Limited
Notes to the consolidated financial statements
31 December 2025

Note 30. Share-based payments (continued)

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

Grant date	Expiry date	2025 Number	2024 Number
01/04/2022	31/05/2025	-	500,000
01/04/2022	30/06/2025	-	500,000
01/04/2022	30/09/2025	-	500,000
01/04/2022	31/12/2025	-	500,000
14/06/2022	23/06/2025	-	2,000,000
28/07/2022	02/08/2025	-	500,000
16/01/2023	16/01/2026	500,000	500,000
05/04/2023	05/04/2026	250,000	500,000
06/04/2023	06/04/2026	250,000	250,000
23/06/2023	23/06/2026	2,250,000	2,250,000
		<u>3,250,000</u>	<u>8,000,000</u>

Set out below are summaries of performance rights granted as at 31 December 2025 and 31 December 2024:

2025

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
01/03/2022	31/12/2025	\$0.0000	110,000	-	(110,000)	-	-
16/01/2023	16/01/2026	\$0.0000	500,000	-	-	(250,000)	250,000
01/04/2025	01/04/2027	\$0.0000	-	300,000	-	-	300,000
01/04/2025	01/04/2028	\$0.0000	-	150,000	-	-	150,000
20/05/2025	31/07/2028	\$0.0000	-	2,000,000	-	-	2,000,000
			<u>610,000</u>	<u>2,450,000</u>	<u>(110,000)</u>	<u>(250,000)</u>	<u>2,700,000</u>

2024

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
			<u>1,110,000</u>	<u>-</u>	<u>(500,000)</u>	<u>-</u>	<u>610,000</u>

The fair value of the performance right is based on closing share price of the Company at the grant date with the assumption that the service condition will be met.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.53 years (2024: 0.83 years).

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.

Note 30. Share-based payments (continued)

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.

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
Consolidated entity disclosure statement
As at 31 December 2025

Entity name	Entity type	Place formed / Country of incorporation	Ownership Interest %	Tax residency
De.Mem Limited	Body Corporate	Australia	-	Australia
De.mem-Akwa Pty Ltd	Body Corporate	Australia	100.00%	Australia
Akwa Facility Maintenance Pty Ltd	Body Corporate	Australia	100.00%	Australia
De.mem Pte Ltd	Body Corporate	Singapore	100.00%	Singapore
De.mem Vietnam Ltd	Body Corporate	Vietnam	100.00%	Vietnam
De.mem-Pumptech Pty Ltd	Body Corporate	Australia	100.00%	Australia
De.mem-Geutec GmbH	Body Corporate	Germany	100.00%	Germany
De.mem-Capic Pty Ltd	Body Corporate	Australia	100.00%	Australia
De.mem-Stevco Pty Ltd	Body Corporate	Australia	100.00%	Australia
Auswater System Pty Ltd	Body Corporate	Australia	100.00%	Australia
Core Chemicals Pty Ltd	Body Corporate	Australia	100.00%	Australia
Aromatec Pte Ltd	Body Corporate	Singapore	31.56%	Singapore

Basis of preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001, reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. These amendments apply for financial years beginning on or after 1 July 2024. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295(3B)(a) of the Corporation Act 2001 defines Australian tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295 (3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining tax residency, the Consolidated entity has applied the following interpretations:

Australian tax residency

The Consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001). None of the group entities are foreign tax residents.

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Consolidated entity, partners in a partnership within the Consolidated entity or participants in a joint venture within the Consolidated entity.

De.mem Limited
Directors' declaration
31 December 2025

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 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

27 February 2026
Melbourne

DE.MEM LIMITED
ABN 12 614 756 642

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DE.MEM LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of De.mem Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, consolidated entity disclosure statement and the Directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (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 these requirements.

We confirm the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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 for the year ended 31 December 2025. 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.

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Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Appropriateness of revenue recognition</p> <p>The Group earns service revenue under construction contracts and also from the provision of wastewater treatment services.</p> <p>These revenue streams require bespoke models, irrespective of the billing milestones, that appropriately amortise the achievement of performance milestones under contract.</p> <p>Revenue recognition in relation to the delivery of projects and services is complex because it is based on the Group's estimates of:</p> <ul style="list-style-type: none"> - Measurement of the estimated price of the customer contract; - The stage of completion of the contract activity and when the performance milestone is achieved; and - Whether the milestone can be reliably measured. <p>Due to these matters, revenue recognition is a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We reviewed the appropriateness of the Company's revenue recognition accounting policies and compliance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 9 <i>Financial Instruments</i>. We obtained an understanding of management's processes and controls surrounding revenue recognition and billing and performed detailed analytical procedures. • We performed revenue cut-off testing at year end and vouched a sample of revenue transactions to supporting documents (including contracts & bank statements) to confirm existence and accuracy of the revenue recognition. • We reviewed the adequacy of disclosures for compliance in accordance with the Australian Accounting Standards.
<p>Acquisition of Core Chemicals Pty Ltd</p> <p>On 31 October 2025, the Group acquired 100% of the issued share capital of Core Chemicals Pty Ltd for consideration of \$2.7 million. This acquisition has been accounted for using the acquisition method in accordance with AASB 3 Business Combinations and resulted in the recognition of goodwill and of \$0.96m.</p> <p>The Group engaged an external party to perform an independent valuation of the acquired net assets including the identifiable customer relationship intangible. The accounting for this acquisition required management to:</p> <ul style="list-style-type: none"> - Determine whether the transaction constitutes a business combination or an asset acquisition. - Identify and measure the fair value of acquired assets, liabilities and consideration transferred. - Allocate the purchase consideration between identifiable net assets and goodwill. - Assess the contingent consideration arrangements and the probability of payout. <p>Given the level of judgment and estimation involved in determining the fair value of the identifiable assets acquired and liabilities assumed, this was considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We assessed the reasonableness of the valuation methodology and assumptions used by management's valuation specialist, including key assumptions such as discount rates, projected cash flows, and growth rates used in valuing acquired intangible assets. • We made enquiries with independent valuer on the valuation report. We held discussions with management to understand the key terms and conditions of the arrangement and evaluated the Group's accounting in accordance with Australian Accounting Standards. • We audited the Group's determination of the fair value of identifiable assets acquired and liabilities assumed. • We assessed the appropriateness of the financial statement disclosures in accordance with Australian Accounting Standards including the presentation of contingent consideration.

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Key Audit Matter

How Our Audit Addressed the Key Audit Matter

Impairment of intangible assets

Our procedures included, but were not limited to:

The Group has intangible assets recorded on the consolidated statement of financial position as at 31 December 2025 of \$7.3 million (which includes goodwill of \$1.2 million). No impairment has been recognised in the year ended 31 December 2025.

AASB 136 *Impairment of Assets* requires that an intangible asset with an indefinite useful life, such as goodwill be tested annually for impairment.

This is a key audit matter due to the judgment and assumptions applied in preparing a value-in-use model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate inherently involves a high degree of estimation and judgment by management.

- We assessed management forecasts by comparing prior year forecasts to actual results.
- We assessed the key assumptions for long-term growth in the forecast cash flows by comparing them to industry forecasts and the discount rate applied to reflect the cost of capital of the group.
- We reviewed the mathematical accuracy of the value-in-use model;
- We have agreed the inputs in the value-in-use model to the relevant data including approved budgets and latest forecasts;
- We have performed sensitivity analysis in relation to the vital key assumptions, being the 4 years revenue growth rate and;
- We assessed the adequacy of the related disclosures within the financial report in accordance with Australian Accounting Standards.

Information Other Than the Financial Report and Auditor's Report Thereon

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 2025 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, we 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.

Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Corporations Act 2001, the Corporation Regulations 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.

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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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the Directors' Report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of De.mem Limited, for the year ended 31 December 2025, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of De.mem Limited 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.



Anh (Steven) Nguyen

Director

Hall Chadwick Melbourne Audit
Level 14 440 Collins Street
Melbourne VIC 3000

Date: 27 February 2026

De.mem Limited
Shareholder information
31 December 2025

The shareholder information set out below was applicable as at 18 February 2026.

Corporate Governance Statement

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

Distribution of equity securities

Analysis of the 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	61	5.75	-	-	-	-
1,001 to 5,000	279	26.30	-	-	-	-
5,001 to 10,000	140	13.19	-	-	-	-
10,001 to 100,000	377	35.53	-	-	-	-
100,001 and over	204	19.23	6	100.00	3	100.00
	1,061	100.00	6	100.00	3	100.00
Holding less than a marketable parcel	311	-	-	-	-	-

De.mem Limited
Shareholder information
31 December 2025

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
BNP PARIBAS NOMS PTY LTD	48,593,116	15.05
NA SINGAPORE EARLY-STAGE VENTURE FUND I PTE LTD	41,295,168	12.79
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	39,893,527	12.35
BNP PARIBAS NOMS (NZ) LTD	13,628,226	4.22
NEW ASIA INVESTMENTS PTE LTD	12,485,897	3.87
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	8,063,246	2.50
SPURGIN SMSF PTY LTD <SPURGIN SMSF A/C>	5,500,000	1.70
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,173,824	1.60
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	4,239,132	1.31
CSIT HOLDINGS PTY LTD <COREY SCOTT INVESTMENT A/C>	4,174,008	1.29
MR ALBERTO VINCIGUERRA <VINCIGUERRA SUPER FUND A/C>	4,057,488	1.26
MR GEOFFREY IAN FOLEY & MRS PATRICIA ERIKA FOLEY <FOLEY SUPER FUND A/C>	3,840,000	1.19
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	3,475,950	1.08
ANDREAS KROELL	3,213,340	1.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,500,000	0.77
PAR SMSF PTY LTD <P A RYAN PENSION FUND A/C>	2,452,381	0.76
HARRY DE WIT	2,380,952	0.74
BRENDAN LUXTON INVESTMENTS PTY LTD	2,111,111	0.65
DAKOV PTY LTD <TIM CAMPBELL SUPER FUND A/C>	2,050,159	0.63
JOMO HOLDINGS PTY LTD	2,026,190	0.63
	<u>211,153,715</u>	<u>65.39</u>

Unquoted equity securities

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

Name	Class	Number held
Cosimo Trimigliozzi	Director's options - exercise price \$0.2058 (20.58 cents) expiring 23 May 2026	750,000
Harry De Wit	Director sign-on options - exercise price \$0.179 (17.9 cents), expiring 5 April 2026	500,000
Bernd Dautel	Director's options - exercise price \$0.2058 (20.58 cents) expiring 23 May 2026	500,000
SBV Capital Pty Ltd	Director's options - exercise price \$0.2058 (20.58 cents) expiring 23 May 2026	500,000
Shadwick Nominees Pty Ltd (Michael Edwards)	Director's options - exercise price \$0.2058 (20.58 cents) expiring 23 May 2026	500,000

De.mem Limited
Shareholder information
31 December 2025

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
Andreas Hendrik De Wit	19,777,942
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

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.