

## CEO LETTER TO SHAREHOLDERS

26 May 2026

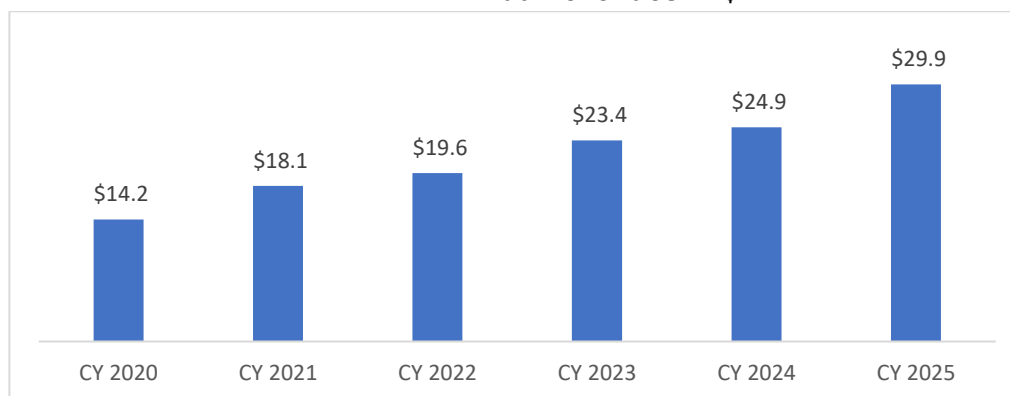
Dear Shareholders,

I am delighted to report a strong performance of De.mem (“De.mem” or “the Company”) in Calendar Year (“CY”) 2025, with key financial, operational and strategic milestones achieved.

### Record Results

We are proud to report that De.mem continued the growth trend from prior years. De.mem recorded record revenues of \$29.9m in CY 2025, up by 20% from \$24.8m in CY 2024. These are the highest annual revenues recorded in company history. This performance reflects disciplined execution of our recurring revenue strategy and continued expansion across our national service and specialty chemicals platform.

CHART 1: Annual revenues in \$m



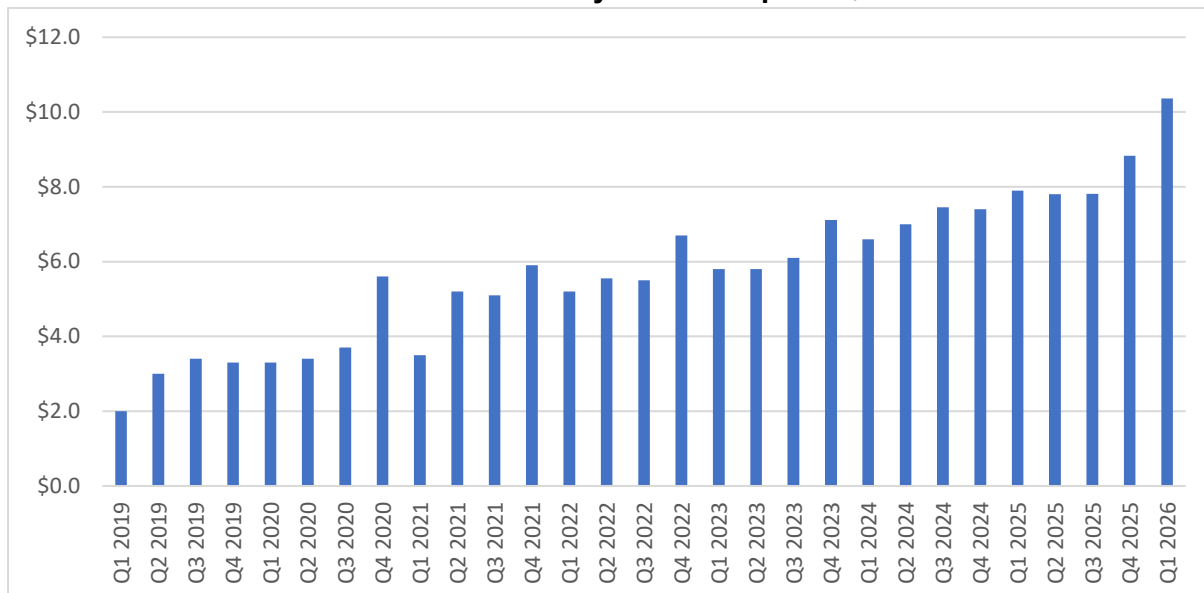
Annual cash receipts were up by 14% from \$28.4m in CY 2024 to \$32.3m in CY 2025.

Importantly, the growth has been very consistent, with De.mem’s quarterly cash receipts exceeding the prior corresponding period’s results for now 28 consecutive quarters (as of March 2026).

Furthermore, we carried the growth momentum over into the March Quarter 2026, with a record result of \$10.4m in quarterly cash receipts, up by 31% vs. prior corresponding period. The March Quarter 2026 also marked the highest quarterly cash receipts in company history.

Since the March Quarter 2019, De.mem has delivered a compound annual growth rate (“CAGR”) of approximately 26% in cash receipts, materially outperforming broader industry growth rates and reflecting the scalability and durability of our business model.

**CHART 2: Quarterly cash receipts in \$m**



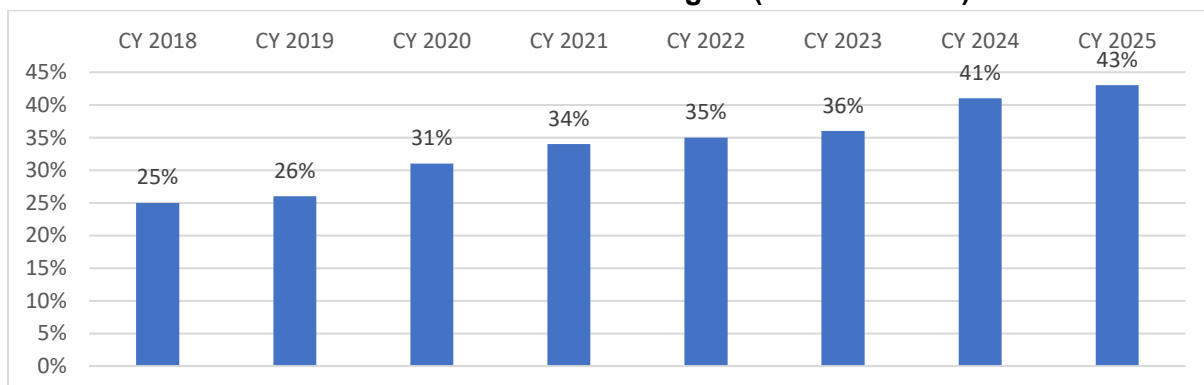
### Recurring Revenue Profile Results in Continued Margin Growth

A core pillar of De.mem’s strategy is to generate high-quality, recurring revenues within a traditionally project-based industry. Today, more than 90% of the Company’s revenues and cash receipts are recurring, derived from long-term service contracts, specialty chemicals supply, consumables, membrane replacements and ongoing operations and maintenance.

This shift to a recurring revenue model has been the primary driver of structural margin expansion across the business.

As a result of this strategic shift, the overall gross margins of De.mem have improved further in CY 2025 to a record 43%, up from 41% in CY 2024 and 36% in CY 2023.

**CHART 3: Gross margins (% of revenues)**



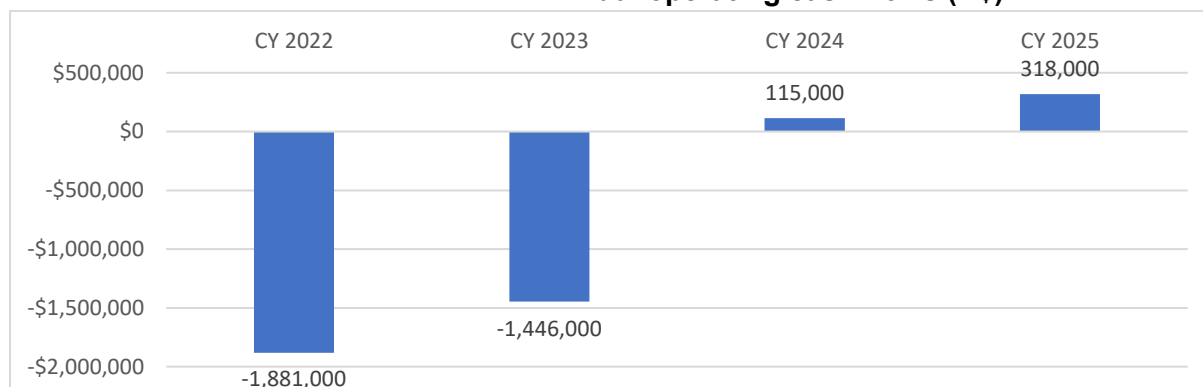
## Key Milestone Achieved: Positive Adjusted EBITDA and Operating Cash Flow

The Company is pleased to report that CY 2025 is the first full calendar year of positive adjusted EBITDA and positive operating cash flows. Adjusted EBITDA is stated after adjusting for one-off items including acquisition costs and share-based expenses.

Adjusted EBITDA for CY 2025 was \$1.6m and operating cash flows were approximately \$0.3m (Chart 4). This milestone is the direct result of sustained revenue growth, structural margin expansion, and the operational leverage inherent in De.mem's recurring revenue model.

The achievement of positive operating cash flow is strategically significant. It provides De.mem with access to potential debt financing, enhances the Company's capacity for disciplined, value-accretive acquisition activity, and demonstrates the inherent operating leverage of the recurring revenue model as the business scales.

**CHART 4: Annual operating cash flows (A\$)**



The positive operating cash flow trajectory has continued into CY 2026. In the March Quarter 2026, De.mem reported operating cash flows of \$504,000, further demonstrating the cash-generative nature of the business.

These results have been achieved while continuing to invest in De.mem's Singapore-based membrane technology research and development activities, which remain a core competitive differentiator and support the Company's long-term technology leadership in water treatment.

## Technology Leadership and Domestic Water Filtration Opportunity

De.mem continues to leverage its proprietary membrane technology portfolio as a key differentiator. Following NSF (National Sanitation Foundation) certification of our Graphene Oxide ("GO") enhanced membrane, the Company has advanced the commercialisation of this technology as the core component of its domestic water treatment product range.

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

In February 2025, De.mem announced a new distribution partnership with Fimbase, Singapore, targeting sales of the Company's domestic water filtration products into China, Indonesia and Japan. Along with the new distribution partnership, De.mem received an initial order worth approx. \$15,000 for sales into China. This order marked the first step into the large Chinese domestic water treatment market.

### **WaterMark Certification: Pathway to the Australian Market**

In June 2025, De.mem initiated the WaterMark certification process for its domestic water treatment systems.

WaterMark is the mandatory Australian product certification scheme for plumbing and drainage products, ensuring compliance with Australian standards and enabling legal use in plumbing and drainage systems. Successful WaterMark certification is a prerequisite for commercialisation of domestic water treatment products in Australia, representing a significant addressable market opportunity for De.mem.

During the December Quarter 2025, WaterMark representatives successfully completed a De.mem facility audit in Singapore. The certification process is expected to conclude in the coming months, following which De.mem will be positioned to commercialise its domestic water treatment products in the Australian market.

### **Core Chemicals Acquisition: Leveraged to the Surging Gold Sector**

On 17 October 2025, De.mem announced the acquisition of Core Chemicals Pty Ltd ("Core Chemicals"), a Perth-based specialty chemicals business, for a total consideration of approximately \$3m. The acquisition was completed on 1 November 2025.

Core Chemicals supplies specialty process chemicals to gold mining clients in Western Australia, enabling them to maximise gold extraction and recovery from the refining waste stream. Pre-acquisition, Core Chemicals generated approximately \$4m in revenues and \$620k in EBITDA.

The acquisition is strategically compelling for several reasons. It increases De.mem's exposure to the buoyant gold mining sector, creates material cross-sell opportunities across both existing customer bases, and provides a clear pathway to geographic expansion. De.mem services gold mining customers in Tasmania, Queensland and Papua New Guinea, which are markets where Core Chemicals had no prior presence.

There are approximately 175 operating gold mines in Australia, of which more than 140 are not currently serviced by either business.

Core Chemicals has contributed to revenues, cash receipts and margins since 1 November 2025. CY 2026 will be the first full calendar year of contribution, with further upside expected from synergy realisation and geographic expansion of the Core Chemicals product offering.

## **Outlook for CY 2026**

De.mem enters CY 2026 with its strongest ever financial position and a clear strategic platform for continued compounding growth. Management's priorities remain disciplined execution, margin expansion and value-accretive capital allocation.

The key drivers underpinning our CY2026 outlook are:

- Our high-quality recurring revenue base, with more than 90% of revenues generated from recurring segments, providing strong forward earnings visibility;
- continued organic growth momentum, underpinned by disciplined cross-sell of high-margin products and services across the national business portfolio;
- a proven 28-quarter track record of consistent cash receipts growth and a ~26% CAGR since 2019, materially outperforming industry peers;
- a record March Quarter 2026, with cash receipts of \$10.4m representing 31% growth versus the prior corresponding period, the strongest quarterly result in company history;
- positive operating cash flows providing access to potential debt financing to further enhance returns on equity and support disciplined acquisition activity;
- a nascent but significant domestic water filtration opportunity, with WaterMark certification expected to conclude in the near term; and
- the first full calendar year of Core Chemicals contribution, with further upside from geographic expansion and cross-sell synergies.

I would like to thank our employees for their ongoing commitment, our customers for their continued trust, and our shareholders for their support. We look forward to updating you on our progress as we build on this momentum into CY 2026.

**Andreas Kroell**  
CEO, De.mem Limited