

## JUNE 2023 QUARTERLY ACTIVITIES REPORT: CONTINUED GROWTH, STRONG OUTLOOK FOR H2 CY 2023 BASED ON NEW CONTRACT AWARDS

### Key Highlights

- **Highest quarterly cash receipts in a June quarter** (approx. \$5.8m)
- **Growth momentum continues** with 17 successive quarters of cash receipts growth vs prior corresponding period
- **Several important contract awards received during the quarter – supports outlook for strong H2 CY 2023**
- **\$2.1m BOO project with multinational corporation in Singapore commissioned and generating revenue; investment in the BOO plant completed**
- **Adjusted Quarterly Net Operating Cash Outflows of \$-155,000 (adjusted for \$50,000 milestone payment for a prior acquisition and \$190,000 in advance payments to suppliers related to a project)**
- **Progressing towards NSF (drinking water) certification for new Graphene Oxide membrane; preparing for commercial launch of domestic water filtration product in H2 2023**
- **Company well-funded with cash and term deposits balance of approx. \$4.1 million as of 30 June 2023**
- **Appointment of senior corporate leader Mr. Andreas Hendrik (Harry) De Wit to the De.mem board (effective 5 April 2023)**

**27 July 2023:** Industrial water and wastewater treatment company De.mem Limited (ASX: DEM) (“De.mem” or “the Company”) is pleased to report strong June Quarter 2023 results.

### Highest Ever Cash Receipts in a June Quarter

De.mem is delighted to report cash receipts of \$5.8m in the June Quarter 2023, the Company's highest ever cash receipts in a June quarter since inception. Total cash receipts in the first six months of the calendar year are approx. \$11.6m.

Cash receipts in the first six months of the calendar year are up by approx. 9% vs. \$10.7m in the prior corresponding period (pcp), and by approx. 38% vs. \$8.4m recorded in the first six months of CY 2021.

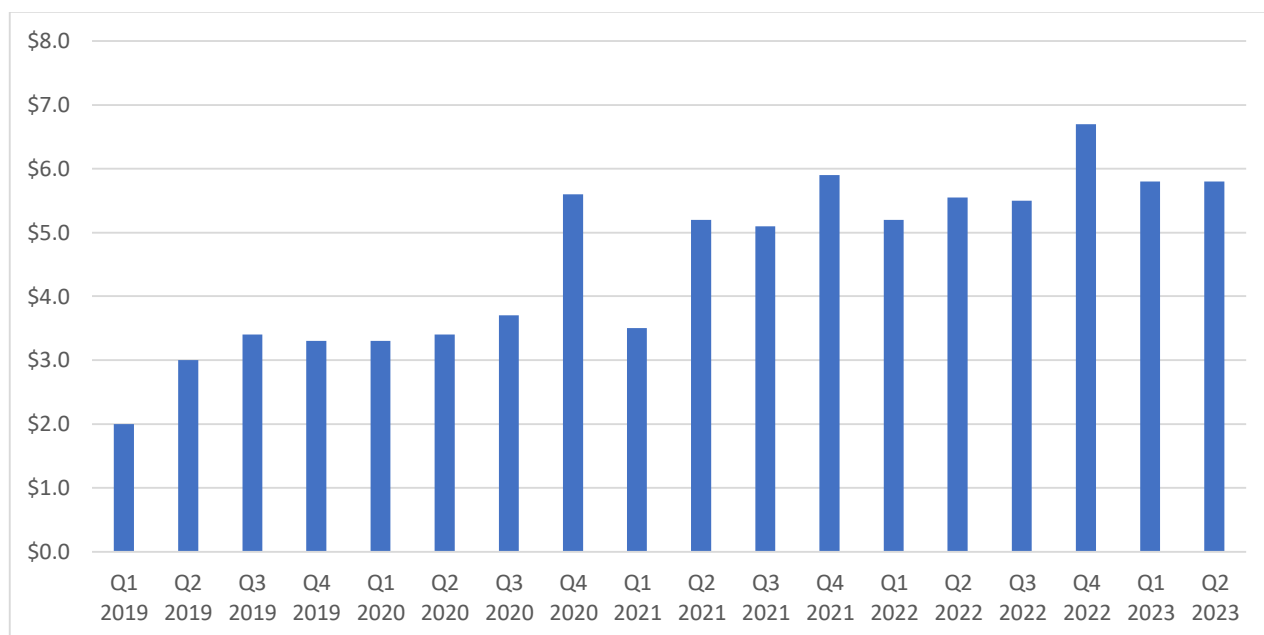
De.mem advises that the June Quarter 2023 cash receipts exclude any contribution from 4 major projects that have already been awarded to the company and which are currently in the manufacturing phase. Those include the \$1.5m project for the supply of a membrane-based water treatment plant to South 32 (see the ASX announcement dated 17 October 2022), the \$420,000 contract for the supply of a waste water treatment system to an industrial customer in Queensland (see the March 2023 Quarterly Activities Report dated 26 April 2023), and the two new projects worth \$200,000 and \$250,000 in revenues mentioned in the following section (“Strong Sales Momentum”) of this report. According to the project delivery and payment schedules, the vast majority of the cash receipts from these projects is scheduled for the December Quarter 2023, supporting a strong outlook for the second half of the calendar year.

De.mem has now recorded 17 consecutive quarters of cash receipts growth vs. pcp – despite the extremely challenging situation due to the Covid-19 pandemic in CY 2020 and 2021, and the global macroeconomic challenges in CY 2022 and 2023.

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The strong H1 CY 2023 results indicate continued strong growth momentum and provide a basis for further significant growth in CY 2023, given the historical seasonality observed within the Company's business. Historically, the first half of a calendar year accounts for approx. 42-46% of total annual cash receipts only (H1 2022: ~46%; H1 2021: ~42%; H1 2020: ~42%).

**CHART 1: QUARTERLY CASH RECEIPTS IN A\$ MILLION - STRONG GROWTH MOMENTUM WITH 17 QUARTERS OF CASH RECEIPTS GROWTH VS. PCP**



**Strong Sales Momentum - Key Contract Awards and Orders Support Strong Outlook for H2 CY 2023**

During the quarter, De.mem received the following key contract awards and purchase orders across its different business segments. These orders are below the materiality threshold for individual contracts and hence, have not been reported to the ASX separately.

**Projects:**

- A purchase order for the supply of waste water treatment equipment to a company from the Australian agricultural sector, worth approx. \$200,000.
- A purchase order for the upgrade of membrane-based water treatment equipment for a leading international mining corporation, worth approx. \$250,000.

**Chemicals:**

- Consecutive orders for the supply of specialty chemicals to a new customer from the Western Australian mining industry. The orders are worth approx. \$100,000 per month.

**Services:**

- A new contract for the provision of water treatment operations & maintenance services to an international mining corporation, worth approx. \$240,000 over an initial 6-month period.
- The 12-month extension of an existing operations & maintenance agreement for the water treatment facilities of an industrial customer in Queensland, worth approx. \$700,000 per annum.

The new contracts support the growth trajectory of the business and strong outlook for H2 CY 2023.

**\$2.1m Build, Own, Operate ("BOO") Project with Multinational Corporation in Singapore Commissioned and Generating Revenue**

On 29 August 2022 the Company signed its fourth BOO contract in Singapore with long-term multinational customer Givaudan (see ASX release dated 29 August 2022, "De.mem signs \$2.1m BOO agreement"). This BOO contract has minimum value of \$2.1 million of revenue payable to the Company over a fixed term of 6 years.

Givaudan is the global leader in the creation of flavours and fragrances with sales of CHF 7.1 billion (AUD \$12.1 billion) in 2022. Headquartered in Switzerland with a local presence in over 185 locations, it has more than 16,800 employees worldwide.

During Q2 CY 2023, the manufacturing of the BOO waste water treatment plant was completed. The system has been commissioned at the customer's factory and is being operated by De.mem since then. Hence, the BOO contract has started generating revenue from June 2023 onwards. The investment into the equipment has been completed in June 2023 (included in line 2.1b of Appendix 4C). No material investment requirements remain beyond 30 June 2023.



Image 1) De.mem Singapore BOO waste water treatment plant



Image 2) De.mem Ultrafiltration membranes as key component of overall BOO plant

### **H1 CY 2023 Cash Receipts Largely Recurring – Resulting in Enhanced Margin Profile**

In line with the strategy communicated to the Company's shareholders, in CY 2023, growth initiatives remain focused on the Company's recurring revenue segments (see section below, "De.mem Group Business Segments – Focus on Growing Recurring Revenues", for further details).

During the June Quarter 2023, the share of recurring cash receipts vs. the Company's total cash receipts remained at above 90% of total cash receipts, continuing the successful transition from a largely projects based business to a stable, high-margin and high value-add recurring revenue model. The transition started in CY 2018, when De.mem was only generating approx. 38% of its revenues from its recurring revenue segments.

De.mem's recurring revenue segments are very predictable and generate above industry average gross margins. The recurring revenue growth continues to enhance the margin profile across the combined business (gross margin up from 18% in CY 2017 to 35% in CY 2022). The recurring cash receipts growth is driven by the Company's ability to cross-sell, i.e. offer a wider range of products and services to its industrial key accounts.

### **Adjusted Net Operating Cash Outflows of ~\$-155,000 in the June Quarter 2023**

De.mem reports net operating cash outflows for the June Quarter 2023 of approx. \$-395,000 as per the Appendix 4C.

The net operating cash outflows include:

- A milestone cash payment made to the previous owners of Stevco of \$50,000, which had been agreed upon as part of the acquisition of Stevco (see the ASX announcement dated 22 March 2022 "De.mem Announces Strategic Acquisition in Victoria") but was recognized under the operating cash flows (in line 1.2e of Appendix 4C).
- A total of approx. \$190,000 in advance payments for the purchase of components for the \$1.5m South 32 project (recognized in line 1.2b of Appendix 4C). In line with the delivery and payment schedule under the contract, no offsetting customer payments were received during the reporting quarter, as the vast majority of the customer payments is scheduled for the December Quarter 2023, supporting a strong outlook for H2 CY 2023.

Adjusted for the above, the adjusted net operating cash outflows during the June Quarter 2023 are approx. \$-155,000.

The near-break even result demonstrates De.mem's continued execution of its business strategy to pursue high margin recurring revenue growth whilst maintaining a disciplined cost approach. It follows the positive net operating cash flows reported for the March Quarter 2023 (\$19,000) and for the December Quarter 2022 (\$203,000).

De.mem will report in detail about the company's EBITDA with the upcoming half year report by the end of August 2023.

#### **Cash Generating Operating Business Offsets Ongoing Investment in Long-Term Growth Through R&D, and the Corporate Overhead**

The net operating cash outflows of approx. \$-395,000 reported for the June Quarter 2023 split up as follows:

- Cash outflows by the Australian and German operations: Approx. \$-35,000. Adjusted for a total of \$190,000 in advance payments made for the purchase of components for the \$1.5m South 32 project (see detailed comments above), an adjusted cash inflow results amounting to \$155,000;
- A milestone payment related to the acquisition of Stevco: \$-50,000;
- Cash outflows to support the operations of the Singapore subsidiary, which is predominantly in membrane R&D: Approx. \$-90,000; and
- Cash outflows to fund expenses related to the holding company, including cost related to listing, corporate administration and overhead: Approx. \$-220,000.

Payments for investments in Property, Plant and Equipment (line 2.1b in Appendix 4C) mostly relate to the investment in the Build, Own, Operate water treatment plant manufactured under the contract with Givaudan in Singapore (see the ASX announcement "De.mem signs \$2.1m BOO contract" dated 29 August 2022). As reported above, the work has been concluded with the plant now being operational and earning revenue for De.mem; no further investment requirements remain beyond the 30 June 2023.

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

#### **De.mem Group Business Segments – Focus on Growing Recurring Revenues**

The core of De.mem's strategy is to provide a comprehensive "one stop shop" offering to its extensive industrial customer base and in particular to the Company's industrial key accounts, around a range of products and services required for potable and industrial water supply, the supply of industrial process water, the treatment of industrial wastewater and the recycling/re-use of water that has previously been used in industrial processes.

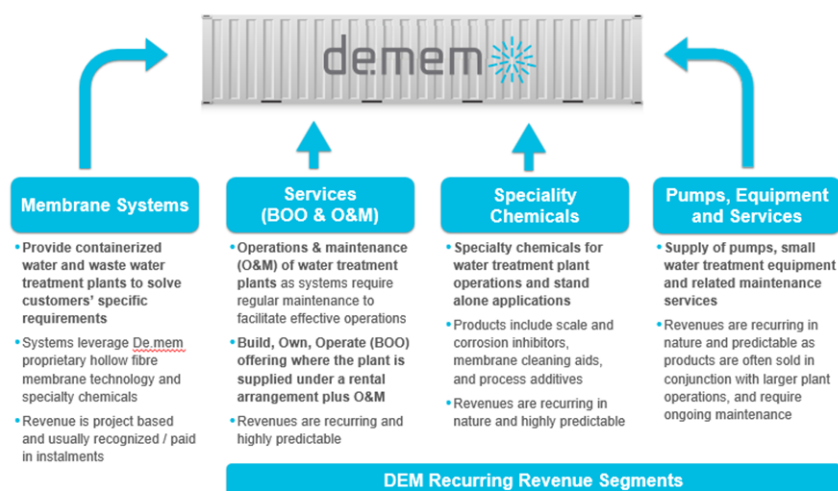
Over the past years, the Company's focus has been on growing its "recurring revenue segments". These segments are all required for the successful operation of a wastewater plant and are hence recurring in nature:

- Build, Own, Operate ("BOO") and Operations & Maintenance ("O&M") contracts.
- Regular maintenance work on water treatment equipment.
- Specialty chemicals sales.
- Sales and maintenance services of pumps.
- Sales of small equipment and consumables.
- Membrane replacement sales into existing facilities.

The Company's wide product portfolio brings extensive cross-selling opportunities, as most industrial customers require several or all of the above products and service lines – from the supply of water treatment plants and systems to O&M services as well as chemicals and consumables for the ongoing operations.

The strategy results in a high-quality revenue/business model and a comprehensive offering of products & services which is unique within the water treatment industry. It brings long-term, stable customer relationships and key accounts to De.mem, which provide a strong opportunity for the cross-selling of other De.mem products and services. This provides a strong foundation for the continued growth of the business in the future.

As of July 2023, De.mem's group structure is as follows:



### **World Leading Membrane Technology Provides Strong Competitive Advantage; Progressing with NSF Certification for New Graphene Oxide Membrane and Preparing for Upcoming Commercial Launch**

De.mem has a strong competitive advantage of proprietary and/or patented technologies, underpinning the Company's unique portfolio of hollow fibre Microfiltration, Ultrafiltration and Nanofiltration membranes. The Company commercializes its membranes as the key component of its integrated water and wastewater treatment systems or its Build, Own, Operate and service contracts, and in combination with the Company's wide range of specialty chemicals, pumps and consumables that are typically required by clients during operations of membrane based water treatment plants.

On 7 September 2021, De.mem presented its "next-gen" membrane technology, based on Graphene Oxide ("GO") enhanced polymer membranes, with substantially improved membrane characteristics such as 20-40% higher water flux (throughput), leading to significantly reduced operating cost for the water treatment process.

During H1 2022, De.mem initiated a process to obtain approval for use of the new GO membrane technology for potable water treatment applications by the NSF (National Sanitation Foundation, the American regulator for drinking water related products). De.mem has been liaising with the NSF since then, including a meeting with NSF representatives in the USA during the December Quarter 2022. The conclusion of the process is expected for H2 CY 2023.

On 19 July 2022, De.mem announced a new partnership with Puraify, Canada, related to the commercialization of the GO membrane technology (see the ASX release dated 19 July 2022, "De.mem Signs Technology Commercialization Partnership Agreement" for further details). Puraify is part of Grafoid Inc., Canada, a graphene research, development and investment company, and promotes a range of products for domestic water treatment filtration as well as portable water treatment systems. Through the partnership, De.mem intends to launch the GO membrane technology initially into domestic point-of-use and point-of-entry water purification applications, which is estimated to be a US\$82.6bn global market by 2027 (source: *Market Research Future, study on the Water Purifier Market, May 2021*). The commercial launch will kick off as soon as the innovative technology has achieved NSF certification.

### **De.mem Appoints Senior Corporate Executive to its Board of Directors**

On 5 April 2023, De.mem announced the appointment of senior corporate leader Mr. Andreas Hendrik (Harry) De Wit to the Company's board of directors.

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 the world's leading provider of products and services for individuals with renal diseases. The company operates more than 4,100 dialysis clinics and 42 production sites for dialysis products globally. In Australia alone, the group has 23 dialysis clinics and more than 350 staff. 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.

Water treatment and the use of membranes are of key importance for dialysis. While many clinics operate their own waste water treatment processes which are typically relying on membranes, the dialysis process itself deploys hollow fibre membranes – the technology that De.mem is specializing in – serving as artificial kidneys for the patient.

As a non-executive director, Mr. De Wit will support De.mem with its strategic development, sales & marketing, operations and financial performance objectives.

### **ESG Impact**

With its core business model focusing on the treatment, re-use and recycling of industrial wastewater, De.mem is fulfilling an important environmental and social mission.

De.mem is committed to ESG and believes that it delivers against several of the United Nations' 17 Sustainable Development Goals – including, for example:

- Goal no. 6: Clean water and sanitation – Ensure availability and sustainable management of water and sanitation for all.
- Goal no. 9: Industry, innovation and infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- Goal no. 11: Sustainable cities and communities – Make cities and human settlements inclusive, safe, resilient and sustainable.

In particular, De.mem's products, services and business model contribute to the above objectives as follows (see the Company's Investor Presentation, lodged to the ASX on 28 July 2022, slide 18 for further details):

- De.mem's membrane technology and treatment plants clean waste water, facilitate water discharge and water reuse/recycling. During the June 2023 quarter, De.mem treated a total of approx. 565 million liters of water under industrial BOO and O&M contracts, across 17 sites in Australia and Singapore (roughly equivalent to the amount of water contained in ~230 Olympic sized swimming pools). The new Build, Own, Operate project in Singapore (see the ASX announcement "De.mem signs \$2.1m BOO contract" dated 29 August 2022), which has just been commissioned as reported above, adds another approx. 7 million liters of high-quality treated water per quarter.
- De.mem's water treatment systems often facilitate the deployment of a membrane-based separation process using De.mem's proprietary hollow fiber membranes. This process not only relies on lower power consumption, but also meaningfully reduces usage of bulk and other harmful chemicals as only small amounts of high value specialty chemicals are required.
- De.mem's domestic water filtration products are being used by customers to replace bottled drinking water. Hence, they can help to significantly reduce plastic waste. As a benchmark – more than 373 million plastic bottles are used in Australia annually with only 36% being recycled (source: University of Wollongong).

### **CEO Commentary**

De.mem Chief Executive Officer Andreas Kroell said:

*"We are pleased to report continued growth during the June Quarter 2023, while operating near operating cash flow break even. Furthermore, we saw strong sales momentum with important project awards received during the quarter. Along with the successful delivery on the Singapore BOO project, this provides a solid foundation for a strong second half of the calendar year 2023."*

### **Payments to related parties included in Appendix 4C**

The payments to related parties of De.mem disclosed in item 6.1 of the Appendix 4C for the quarter, accompanying this quarterly activities report, were payments of directors' fees and salaries.

This release was authorized by the Company's CEO, Andreas Kroell, on behalf of the Board.

**-ENDS-**

**For further information, please contact:**

**Andreas Kroell**

CEO, De.mem Limited

[investor@demem.com.sg](mailto:investor@demem.com.sg)

+61 (0) 75428 3265

**De.mem Limited (ASX:DEM)** is an Australian headquartered, international decentralized water and wastewater treatment business that designs, builds, owns and operates turnkey water and wastewater treatment systems for some of the world's largest companies in the mining, electronics, chemical, oil & gas, and food & beverage industries. Its systems also provide municipalities, residential developments and hotels/resorts across the Asia Pacific with a reliable supply of clean drinking water. De.mem offers a "one-stop-shop" of services, chemicals and consumables to its clients, for the ongoing operations of their water and wastewater treatment plants.

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

To learn more, please visit: [www.demembranes.com](http://www.demembranes.com)

#### **Forward Looking Statements**

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of De.mem Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

De.mem Limited

**ABN**

12 614 756 642

**Quarter ended ("current quarter")**

30 June 2023

| <b>Consolidated statement of cash flows</b> |                                                       | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (06<br/>months) \$A'000</b> |
|---------------------------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|
| <b>1.</b>                                   | <b>Cash flows from operating activities</b>           |                                    |                                             |
| 1.1                                         | Receipts from customers                               | 5,836                              | 11,629                                      |
| 1.2                                         | Payments for                                          |                                    |                                             |
|                                             | (a) research and development                          | -                                  | -                                           |
|                                             | (b) product manufacturing and operating costs         | (3,970)                            | (7,428)                                     |
|                                             | (c) advertising and marketing                         | (25)                               | (39)                                        |
|                                             | (d) leased assets                                     | (54)                               | (179)                                       |
|                                             | (e) staff costs                                       | (1,628)                            | (3,465)                                     |
|                                             | (f) administration and corporate costs                | (551)                              | (931)                                       |
| 1.3                                         | Dividends received (see note 3)                       | -                                  | -                                           |
| 1.4                                         | Interest received                                     | 16                                 | 33                                          |
| 1.5                                         | Interest and other costs of finance paid              | (19)                               | (35)                                        |
| 1.6                                         | Income taxes paid                                     | (17)                               | (26)                                        |
| 1.7                                         | Government grants and tax incentives                  | -                                  | -                                           |
| 1.8                                         | Other (provide details if material)                   | 17                                 | 65                                          |
| <b>1.9</b>                                  | <b>Net cash from / (used in) operating activities</b> | <b>(395)</b>                       | <b>(376)</b>                                |
| <b>2.</b>                                   | <b>Cash flows from investing activities</b>           |                                    |                                             |
| 2.1                                         | Payments to acquire:                                  |                                    |                                             |
|                                             | (a) businesses                                        | -                                  | (125)                                       |
|                                             | (b) property, plant and equipment                     | (402)                              | (554)                                       |
|                                             | (c) investments                                       | -                                  | -                                           |
|                                             | (d) intellectual property                             | (36)                               | (36)                                        |
|                                             | (e) other non-current assets                          | -                                  | -                                           |

| Consolidated statement of cash flows |                                                       | Current quarter<br>\$A'000 | Year to date (06<br>months) \$A'000 |
|--------------------------------------|-------------------------------------------------------|----------------------------|-------------------------------------|
| 2.2                                  | Proceeds from disposal of:                            |                            |                                     |
|                                      | (a) entities                                          | -                          | -                                   |
|                                      | (b) businesses                                        | -                          | -                                   |
|                                      | (c) property, plant and equipment                     | 20                         | 20                                  |
|                                      | (d) investments                                       | 149                        | 149                                 |
|                                      | (e) intellectual property                             | -                          | -                                   |
|                                      | (f) other non-current assets                          | -                          | -                                   |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                   |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                   |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                   |
| 2.6                                  | <b>Net cash from / (used in) investing activities</b> | <b>(269)</b>               | <b>(546)</b>                        |

|           |                                                                                         |              |              |
|-----------|-----------------------------------------------------------------------------------------|--------------|--------------|
| <b>3.</b> | <b>Cash flows from financing activities</b>                                             |              |              |
| 3.1       | Proceeds from issues of equity securities (excluding convertible debt securities)       | -            | -            |
| 3.2       | Proceeds from issue of convertible debt securities                                      | -            | -            |
| 3.3       | Proceeds from exercise of options                                                       | -            | -            |
| 3.4       | Transaction costs related to issues of equity securities or convertible debt securities | -            | -            |
| 3.5       | Proceeds from borrowings                                                                | -            | -            |
| 3.6       | Repayment of borrowings                                                                 | -            | -            |
| 3.7       | Transaction costs related to loans and borrowings                                       | -            | -            |
| 3.8       | Dividends paid                                                                          | -            | -            |
| 3.9       | Other (lease liabilities)                                                               | (102)        | (208)        |
| 3.10      | <b>Net cash from / (used in) financing activities</b>                                   | <b>(102)</b> | <b>(208)</b> |

|           |                                                                              |       |       |
|-----------|------------------------------------------------------------------------------|-------|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
|           | Net Cash and equivalents at beginning of quarter/year to date.               | 4,784 | 5,104 |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (395) | (376) |

| Consolidated statement of cash flows |                                                                  | Current quarter<br>\$A'000 | Year to date (06<br>months) \$A'000 |
|--------------------------------------|------------------------------------------------------------------|----------------------------|-------------------------------------|
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)  | (269)                      | (546)                               |
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above) | (102)                      | (208)                               |
| 4.5                                  | Effect of movement in exchange rates on cash held                | (32)                       | 12                                  |
| 4.6                                  | <b>Cash and cash equivalents at end of period</b>                | <b>3,986</b>               | <b>3,986</b>                        |

| 5.  | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 5.1 | Bank balances                                                                                                                                                        | 2,754                      | 3,218                       |
| 5.2 | Call deposits                                                                                                                                                        | 1,232                      | 1,566                       |
| 5.3 | Bank overdrafts                                                                                                                                                      | -                          | -                           |
| 5.4 | Other (provide details)                                                                                                                                              | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>                                                                                     | <b>3,986</b>               | <b>4,784</b>                |

| 6.                                                                                                                                                              | Payments to related parties of the entity and their associates                          | Current quarter<br>\$A'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------|
| 6.1                                                                                                                                                             | Aggregate amount of payments to related parties and their associates included in item 1 | 127                        |
| 6.2                                                                                                                                                             | Aggregate amount of payments to related parties and their associates included in item 2 | -                          |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> |                                                                                         |                            |

|                                                                                                                                                                                                                                                                                                                                                 |                                                                 |                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------|
| <b>7. Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>                                                                                               | <b>Total facility<br/>amount at quarter<br/>end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
| 7.1 Loan facilities                                                                                                                                                                                                                                                                                                                             | -                                                               | -                                                  |
| 7.2 Credit standby arrangements                                                                                                                                                                                                                                                                                                                 | -                                                               | -                                                  |
| 7.3 Other (please specify)<br>Bank overdraft                                                                                                                                                                                                                                                                                                    | -                                                               | -                                                  |
| 7.4 <b>Total financing facilities</b>                                                                                                                                                                                                                                                                                                           | -                                                               |                                                    |
| 7.5 <b>Unused financing facilities available at quarter end</b>                                                                                                                                                                                                                                                                                 |                                                                 | -                                                  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. |                                                                 |                                                    |
|                                                                                                                                                                                                                                                                                                                                                 |                                                                 |                                                    |

|                                                                                                                                                                                                                        |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>8. Estimated cash available for future operating activities</b>                                                                                                                                                     | <b>\$A'000</b> |
| 8.1 Net cash from / (used in) operating activities (item 1.9)                                                                                                                                                          | (395)          |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)                                                                                                                                                                | 3,986          |
| 8.3 Unused finance facilities available at quarter end (item 7.5)                                                                                                                                                      | -              |
| 8.4 Total available funding (item 8.2 + item 8.3)                                                                                                                                                                      | 3,986          |
| 8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>                                                                                                                                      | 10             |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>     |                |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:                                                                                                                            |                |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?                                                                      |                |
|                                                                                                                                                                                                                        |                |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |                |
|                                                                                                                                                                                                                        |                |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?                                                                                      |                |
|                                                                                                                                                                                                                        |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>                                                                                                   |                |

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2023

Authorised by: Andreas Kroell  
Chief Executive Officer

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.