De.mem Limited (ASX:DEM)

Core Chemicals Acquisition

17 October 2025

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CORE CHEMICALS ACQUISITION OVERVIEW

DEM OVERVIEW

Executive Summary

Well-priced acquisition of Core Chemicals Pty Ltd, leveraged to surging gold sector, significant synergies upside

CORE CHEMICALS ACQUISITION

- De.mem signed a binding agreement to acquire 100% of Core Chemicals (CC)
- CC supplies process chemicals and services to gold mining customers to maximise gold extraction and recovery from the refining waste stream.
- **~$4m revenues**, ~**730k in pre-tax profits** in FY2025, 25% FY2026 growth forecast (pre-synergies)

ACQUISITION AND FUNDING OVERVIEW

- **Total consideration of $2.68m**, 85% cash and 15% De.mem shares, in two tranches subject to milestones, plus working capital payment (~300k)
- **~0.7x revenue** and **3.7x pre-tax profit** multiples (assuming Tranche 2 is paid)
- Funding: $3m equity placement at 10.5cps and 500k shareholder loan

SYNERGIES

- Substantial revenue synergies
- Cost synergies with existing De.mem operations in WA (Capic subsidiary)
- Combined DEM-CC (pre-synergies) proforma FY2025 EBITDA of $1.6m

LEVERAGED TO SURGING GOLD SECTOR OUTLOOK

- Gold exceeds US$4,000/oz with major investment houses seeing upside in 2026

CORE CHEMICALS

ACQUISITION OVERVIEW

- Based in Burswood (Perth), Western Australia
- Founded by gold mining sector specialist~~s~~ in 2022. Key person (Mr. Kit Chia) will join the De.mem team for 2 years minimum with incentives and milestones
- Provides processing chemicals and services to **gold mining customers to maximise gold extraction and recovery**
- Extensive service offering to the customer including process review, management and optimization.

STRONG FINANCIALS UNDERPINNED BY RECURRING REVENUE MODEL

- Ongoing chemicals sales provide stable, recurring revenues

SUBSTANTIAL REVENUE GROWTH OPPORTUNITY

- Large revenue growth opportunity domestically and internationally
- Currently servicing and supplying 18 gold mines in Western Australian alone, with average revenue per customer of $222k
- De.mem currently has 15 gold mining clients
- 175 gold mines in Australia, 1,352 gold mines globally *(source: Mining-Technology, 18 June 2024)*
- Margin expansion opportunity, with 28% CC margins vs DEM 43% 1H25 gross margin

National Business Portfolio with blue-chip national client base

Australia-wide offering
including key regions of Kalgoorlie (Western Australia) and Albury-Wodonga (regional VIC/NSW), servicing blue-chip clients such as Rio Tinto, AGL, Inghams, Alcoa, Pilbara Minerals

CORE CHEMICALS

demem capic

demem Auswater

demem akwa

demem Border Pumpworks

demem stevco

demem pumptech

Synergies

Well-priced, profitable, high growth business acquisition with significant synergy upside

	CORE CHEMICALS	demem
CUSTOMERS	• **18 gold mining clients** (West Australia only)	• **Potential domestic & international customer growth** • 15 gold mining clients across Australia • 175 gold mines in Australia, 142 new prospects • 1,352 gold mines global • DEM **national operating leverage** supporting combined growth.
REVENUES	• $222k revenue per gold mine	• Potential upsell to higher revenue/customer, with DEM average $250k revenue per gold mining client
MARGINS	• 28% gross margins	• **Potential margin expansion up to** DEM 43% 1H25 gross margins
OPERATIONS	• Lean overhead	• Simple low risk integration into existing Perth (Capic) operations. Management joining DEM. • **~$100k cost synergies** (combining operations and purchasing) • Funding synergies (lower DEM cost of capital)

Well-priced, well-structured transaction

TRANSACTION OVERVIEW

- Proposed acquisition of 100% of the shares
- Total consideration of $2.68m plus payment for handover working capital ~$300k, anticipating significant revenue growth and additional orders
  - Tranche 1 - $2.43m, 85% cash and 15% De.mem shares
  - Tranche 2 - $250k, 85% cash and 15% De.mem shares, subject to minimum $620k pre-tax profit in 12 months post transaction
  - Working capital to be determined within 30 days from completion
- $3m capital raising at 10.5 cps and $500k debt (shareholder loan, 5-year fully amortising debt facility at 9%, currently receiving expressions of interest)

ATTRACTIVE VALUATION

- **0.7x revenue multiple** (assuming exercise of 2nd tranche)
- **3.7x pre-tax profit multiple** (assuming exercise of 2nd tranche)

MANAGEMENT RETENTION

- Established in 2022 by Kit Chia, Robert Bamber and Bernard Hoey.
- Kit has extensive gold mining industry experience and specific product and application knowledge. He will join the De.mem management team post-transaction for 2 years minimum, with performance incentives

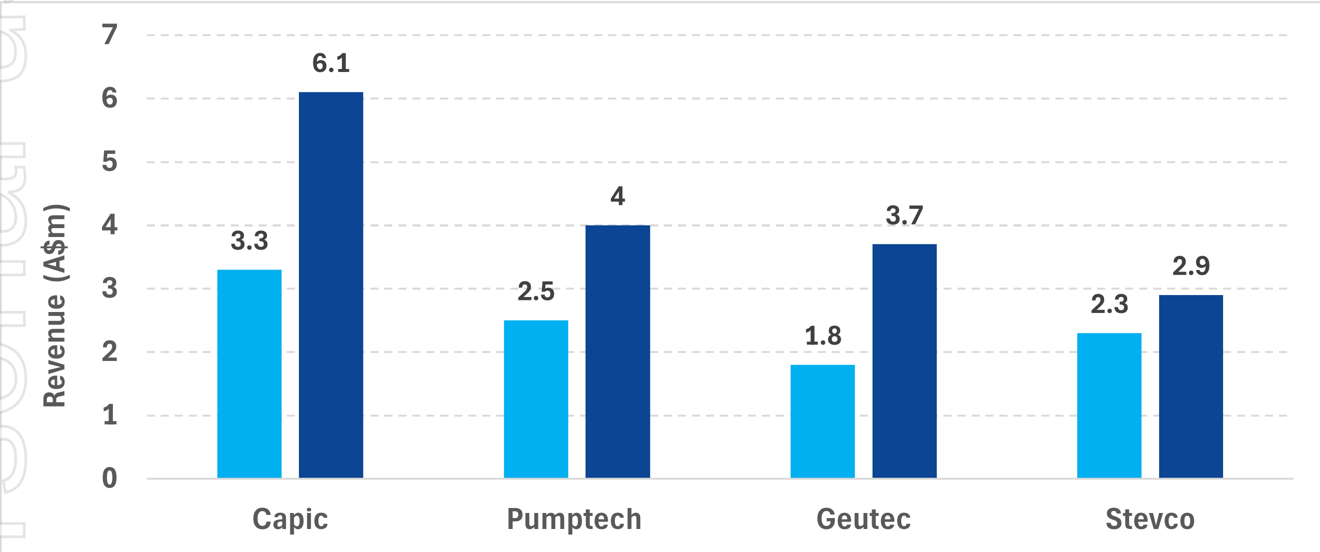
Strong Acquisition Value-Add Track Record

Since 2019, Demem has successfully grown 4 bolt-on acquisitions completed between 2019 and 2022 by average ~69%

Historical acquisition growth

- From 2019-2022, **De.mem has increased revenues by 69% of 4 acquired businesses** (Capic, Pumptech, Geutec & Stevco)
- From 2024, **De.mem increased revenues by ~42% of 2 acquired businesses** (Border Pumpworks and Auswater Systems) in the first 6 months of 2025 (vs pre-acquisition average for both entities)
- Core Chemicals acquisition is priced below average historical acquisition multiples
  - ~0.7x revenue multiple (vs historical average 0.8x)
  - ~3.7x EBITDA multiple (vs historical average of 5.0x)

Acquired business revenue growth



REVENUE GROWTH (1)	85%	60%	106%	26%

Demem achieved 69% revenue growth of acquired businesses

(1) revenue growth % = compares last financial year (preliminary/unaudited) vs. annual revenue pre acquisition. .

Proforma combined financials

Combined adjusted EBITDA will nearly double vs. stand-alone

Proforma Financials – FY2025 (A$m)

A$M	De.mem	Core Chemicals	Proforma Combined
Revenue	**$27.2**	**4.0**	**$31.2**
Cost of Goods Sold	$15.8	2.9	$18.7
Gross profit	**$11.4**	**1.1**	**$12.5**
Gross margin	42%	~28%	40%
Administrative & corporate expenses	$10.5	$0.4	$10.9
Adjusted EBITDA	**$885k**	**$730k**	**$1,615k**

EBITDA

- Proforma combined FY2025 EBITDA ~$1.6m
- Upsides: organic growth, substantial revenue synergies, cost synergies, gold price momentum

REVENUE UPSIDE

- **New gold mining clients:** 175 gold mines in Australia, CC services 18 in W.A. only, DEM services 15 across Australia
- **Revenue per client upside:** CC generates $222k per gold mine, vs DEM ~$250k average

MARGIN UPSIDE

- CC gross margins upside from 28% towards DEM 42%

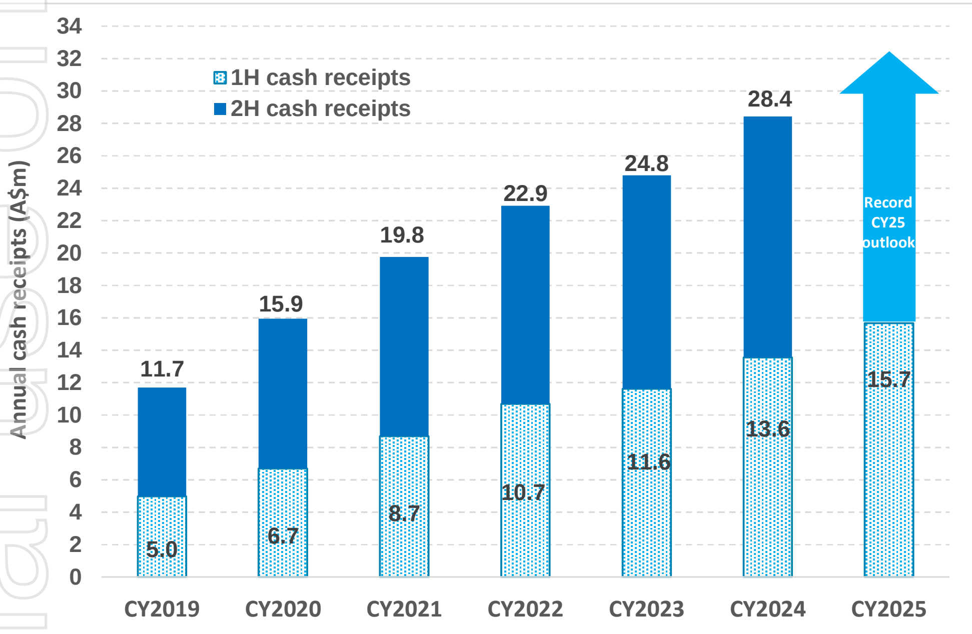
STRONG ORGANIC GROWTH

- CC stand-alone organic growth forecast in FY25 of 25%
- DEM double dight organic growth in FY25

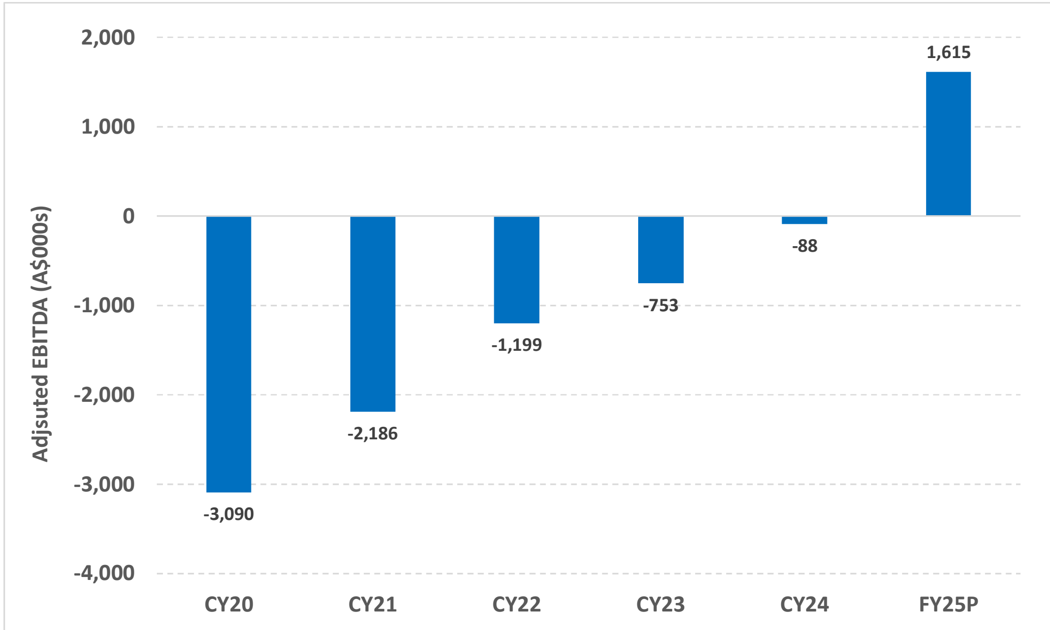
Pro-forma combined outlook

On track for record full year CY2025 results

De.mem record full-year outlook (A$m)



Proforma EBITDA trends (A$m)



DEM STAND-ALONE RECORD FULL-YEAR OUTLOOK

- **Record H1 2025 results** provide strong foundation
- **25 consecutive quarters of growth** momentum maintained
- **90% recurring revenue** base provides cash flow visibility

DEM and CORE CHEMICALS PRO-FORMA CY25 EBITDA

- **Record proforma EBITDA FY25 of ~$1.6m**
- Core Chemicals - 25% FY2026 growth forecast (pre-synergies)
- De.mem – double digit organic growth

Gold sector outlook and opportunity

DEM is leveraged to surging gold sector upside

SURGING GOLD SECTOR MAGNIFIES STRONG GROWTH OUTLOOK

- Gold has risen 40% in 2025, hit record US$4,000/oz price in October 2025 and is on track for third straight year of double-digit gains (source: Goldman Sachs, 30 Sept 2025).
- **Reuters**: gold bull run could extend into 2026 (source: Reuters, 9 October 2025, *"Gold set to extend record-breaking run"*).
- **Goldman Sachs**: raised its December 2026 gold price forecast to $4,900 per ounce (source: Reuters, 7 October 2025, *"Goldman hikes December 2026 gold price forecast to $4,900/oz")*

SIGNIFICANT GOLD SECTOR EXPANSION OPPORTUNITY

- Opportunity to expand Core Chemicals across Australasia (ie. existing gold mining customers in TAS) as well as NZL, PNG and upsell revenue per client (both ways)
- Large untapped market potential of 76 gold mines in Australasia not currently serviced by either DEM or CC.
- CC currently servicing 18 gold mines in Western Australian only, with average revenue per customer of $222k.
- De.mem supplies water treatment products and services into 15 existing gold mining customers with average revenues of $250k per client
- 1,352 gold mines globally, of which 175 in Australia (source: *Mining-Technology, 18 June 2024)*

Core Chemicals Acquisition Highlights

On track for record CY2025 full year results, supported by record growth momentum and recurring cashflows

Core Chemicals acquisition continues strong acquisition value-add track record

- DEM has successfully acquired and integrated 6 businesses in its highly fragmented market of decentralised industrial water treatment solutions
- ~69% revenue growth over 4 acquisitions over 4 years

Well-priced, well structured, accretive acquisition

- **CC acquisition priced below historical average DEM acquisition 0.8x revenue multiple of and 5.0x EBITDA multiple**
- CC Acquisition multiples: ~0.7x revenue and 3.7x pre-tax profit multiples (assuming Tranche 2 is paid), below historical
- Funding: $3m equity placement at 10.5cps and 500k debt (shareholder loan, 5-year fully amortising debt facility at 9%, currently receiving expressions of interest)

Substantial revenue synergy potential

- 1,352 gold mines globally, of which 175 in Australia
- New Australian gold mining clients – of 175 gold mines in Australia, CC has 18 in W.A. only, DEM services 15 across Australia
- New international gold mining clients – NZL, PNG expansion potential
- Upsell per gold mine – CC clients to be cross-sold broader DEM product portfolio; DEM generates ~$250k average revenue per client vs CC $222k

Growing recurring revenue model

- DEM stand-alone: more than 90% recurring cash receipts
- CC: almost 100% recurring cash receipts from recurring consumable sales and services

Record outlook

- Combined pro-forma FY2025 EBITDA of ~$1.6m
- Core Chemicals stand-alone ~25% full-year growth outlook
- De.mem stand alone on track for record CY2025 results, with 1H25 cash receipts of $15.7m and 1H typically ~45% of full-year

Attractive valuation

- Dem stand-alone trading at ~$31m market cap, ~1.0x cash receipts (H1 2025 annualized)
- Significant discount relative to global comparable companies and global acquisitions

High Margin Recurring Revenue Model

Core Chemicals adds to Demem's existing more than 90% recurring revenues

Membrane Systems

Supply containerized water and waste water treatment plants

Project-based revenues

Services (BOO & O&M)

Build, Own, Operate (BOO) involves leasing of water treatment plants

Operations & maintenance (O&M) services provided under longer term contracts, often with equipment supply

Specialty Chemicals

For water treatment plant operations and stand-alone applications

CORE CHEMICALS

Pumps, Services & Equipment

Supply pumps, small standardized equipment and maintenance for plant operations

Recurring Revenues

Corporate Snapshot

Over the last 3 months, De.mem is recovering its prior underperformance relative to ASX Small Industrials index

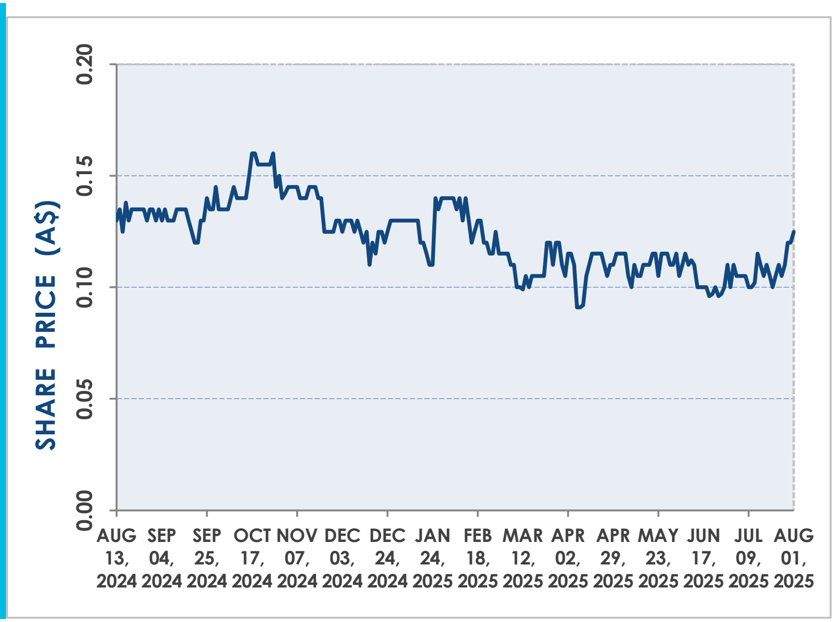
MARKET DATA

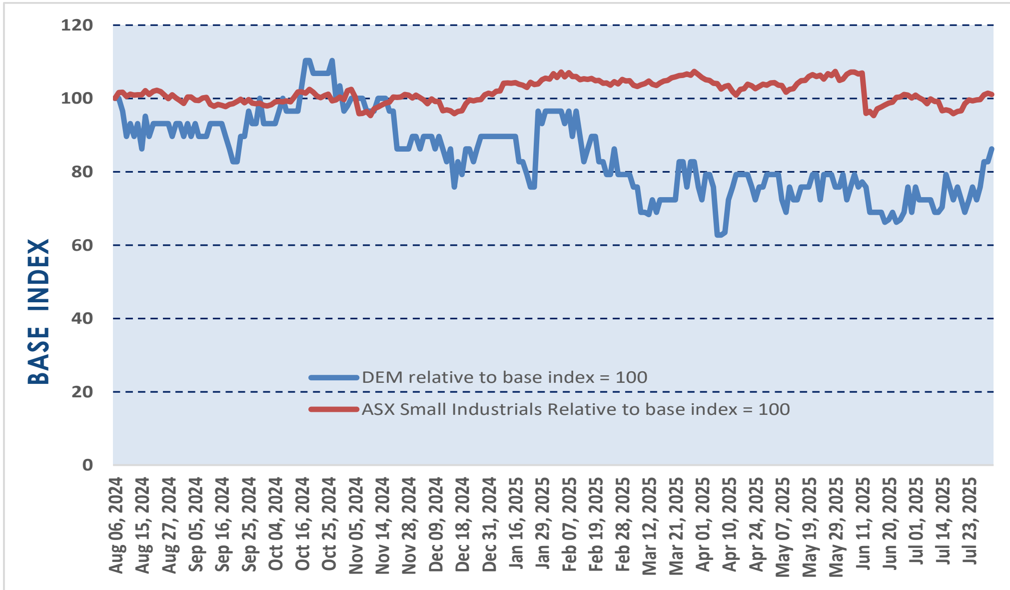
ASX code	DEM
Ordinary shares	~293m
Market capitalisation	$31m
Cash on hand (30.6.25)	$4.0m
Listed on ASX	7 April 2017
Last price (22.8.2025)	10.5cps
52 week high	16cps
52 week low	8cps
Cash receipts – last 12 months	~$30.5m
Market cap / LTM cash receipts	1.0x
GICS classification	Utilities

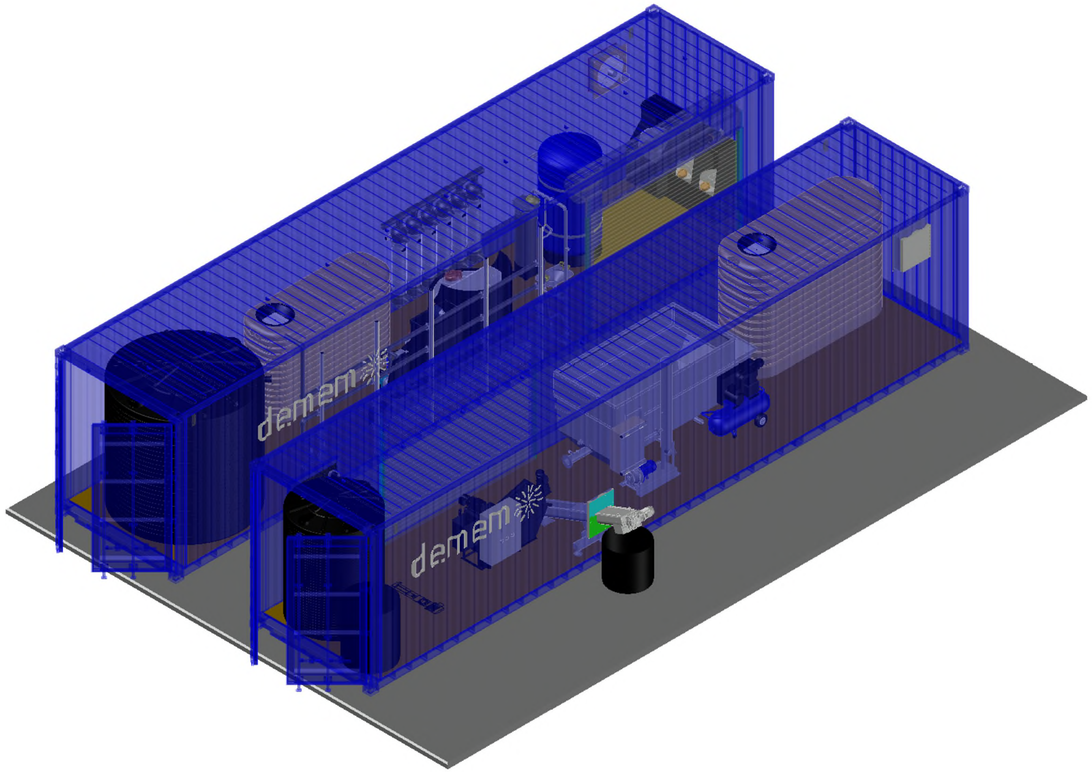
MAJOR SHAREHOLDERS

NA Singapore Early-Stage Venture Fund	~14%
Perennial Value Microcap Opportunities Fund	~14%
Mr Andreas Hendrik De Wit (Non-executive Director)	~7%
Pathfinder Fund	~5%
New Asia Investments Pte Ltd	~4%
Mr. Andreas Kroell (CEO)	~1%

SHARE PRICE PERFORMANCE







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