



ASX RELEASE | De.mem Limited (ASX:DEM)

ACQUISITION OF CORE CHEMICALS TO INCREASE EXPOSURE TO SURGING GOLD MINING SECTOR

17 October 2025: De.mem Ltd (ASX: DEM) (“De.mem” or “the Company”), a leading provider of decentralised water and wastewater treatment solutions across Australia and globally, has signed a binding agreement to acquire Western Australian based Core Chemicals Pty Ltd (“Core Chemicals”) a speciality chemicals supplier servicing the gold mining sector in the state.

HIGHLIGHTS

- **Acquisition of Core Chemicals**, a specialty chemicals supplier to gold mining clients in Western Australia, for a total consideration of approximately \$3m.
- **Completed oversubscribed placement** of De.mem ordinary equity of \$3m at 10.5 cents per share.
- **Significant revenue synergies** through new gold mining client acquisition and cross-sell of expanded product and services portfolio
- **Pro-forma adjusted EBITDA of \$1.6m** for the 12 months ended 30 June 2025.

Acquisition of Core Chemicals Pty Ltd (“Core Chemicals”)

Core Chemicals is a specialty chemicals and service business that supplies West 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.

Core Chemicals was established in 2022 and services 18 clients from the Western Australian gold mining sector on a recurring basis, generating approximately \$4m in revenues for the 12 months ending 30 June 2025 and approximately \$730k of pre-tax profits.

The Core Chemicals acquisition brings the following benefits to the De.mem group:

- **Significant cross-sell opportunities:** Core Chemicals' products are complementary to De.mem and will be offered to De.mem's existing 15 gold mining clients. In turn, De.mem's diversified product offering will be offered to Core Chemicals' existing gold mining clients. Through its existing operations in Perth, De.mem supplies antiscalants and water & wastewater treatment services into several gold mining clients in Western Australia.
- **Significant customer growth opportunity:** there are 142 gold mines in Australia (out of total 175) not currently serviced by either De.mem or Core Chemicals, which provides a substantial growth opportunity (source: “*The five largest gold mines in operation in Australia*”, Mining Technology, 18 June 2024).
- **Significant geographic expansion potential:** The acquisition provides a significant opportunity to expand Core Chemicals' offering into the Eastern states of Australia as well as the Pacific region. Core Chemicals currently only operates in Western Australia. De.mem

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currently works with numerous gold mining customers in Tasmania, Queensland and Papua New Guinea.

- **Significant, positive pro-forma EBITDA post-transaction:** On a pro-forma basis, the combined group's EBITDA equates to approximately \$1.6m for the 12 months to 30 June 2025.
- **Cost synergies:** Core Chemicals is simple to integrate into De.mem's existing operations in Perth, which is expected to result in approximately \$100k of cost savings through a consolidation of head office and warehousing operations and a reduction in finance costs.
- **Leveraged to surging gold sector outlook:** The acquisition gives the Company exposure to the upside in the gold sector, with the gold price with minimal downside risk associated with the gold price.

The surging Gold Mining Sector Presents a Significant Revenue Opportunity

The acquisition leverages De.mem to the surging gold price outlook, with limited downside risk exposure to the gold price.

The combined De.mem-Core Chemicals business provides a significant revenue opportunity to service Australian gold mines, with international gold mines an additional growth option:

- Initially, the combined group will be servicing 33 gold mines and will target the other ~142 Australian gold mines.
- Given Core Chemicals' average revenue per gold mine of \$222k and De.mem's average of \$250k, this clearly presents a significant revenue opportunity.

The gold sector is experiencing a strong, secular bull market, with an outlook for strong continued growth.

- **In 2016, the current bull run started at \$US1,168/oz.** The gold price gained momentum in 2018 due to trade tensions during Trump's first term, continuing during the 2020 Covid-19 pandemic and the following inflationary fiscal stimulus. In 2022, the rally continued when Russia invaded Ukraine, whilst globally high inflation persisted (source: ANZ Bank, "Gold rush not slowing down", 28 April 2025).
- **In October 2025, the gold price exceeded US\$4,000/ounce for the first time in history.**
- **Goldman Sachs forecasts a US\$4,900/ounce gold price** (source: The Straits Times, "Goldman raises December 2026 gold price forecast to US\$4,900 per ounce", 7 October 2025).
- **Most forecasts are that the gold price will exceed US\$5,000/ounce** as a hedge against mounting sovereign debt, inflation protection, protection against asset freezes and geopolitical instability and reserve diversification away from US Treasuries and dollar-denominated assets (source: Finance Magnates, "This New Gold Price Prediction from Goldman Sachs Suggests Precious Metal Can Surge to \$5,000", 9 October 2025).

Transaction Structure

The Core Chemicals acquisition is ~\$3m in total, which values the company at ~ 3.7 times pre-tax profits.

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The consideration comprises the following tranches:

- **Tranche 1.** \$2.43m upon completion, comprising ~\$2.07m in cash and \$0.36m in De.mem fully paid ordinary ASX listed shares ("DEM shares"); and
- **Tranche 2.** \$250k, comprising \$212.5k in cash and \$37.5k in DEM shares, subject to the achievement of pre-tax profit of at least \$620k by Core Chemicals within the 12 months following the transaction.
- **Working capital.** A potential payment for working capital (i.e. inventory and chemicals at the date of completion) of ~\$300k.

The transaction is expected to be completed (become legally effective) in late October 2025, subject to the finalisation of the individual service agreement for Mr. Chia (see below) and the payment of the purchase price.

Mr. Kit Heng Chia, the operations manager and co-vendor of Core Chemicals, will retain his role post-transaction, joining the De.mem management team and supporting the integration of the business into De.mem group, for a minimum of 2 years. Mr. Robert Bamber and Mr. Bernard Hoey are co-vendors of the company and will assist in the business transition as required on a consultancy basis.

Oversubscribed Capital Raising

De.mem is pleased to report it has received firm commitments to invest \$3m (before costs) by way of a share placement at 10.5 cents per share of 28,571,429 fully paid ordinary shares, equivalent to approx. 8% of the Company's current shares outstanding. De.mem shall issue the new shares once the committed capital has been received, utilizing the Company's existing placement capacity available under 7.1A of the ASX Listing Rules.

The placement received strong support from existing shareholders, new shareholders as well as the Chairman of De.mem.

Chairman Mr. Harry De Wit has committed to invest \$250k as part of this Placement. Shareholder approval is required for this investment and will be sought in due course.

The 10.5 cents per share issue price is a 3.9% premium to the 30-day volume weighted average price (VWAP) of 10.1 cents per share and a 9.4% premium to the 9.6 cents per share closing price on Wednesday 15 October 2025.

The new shares to be issued under the placement, except for those to be issued to Mr. De Wit, are expected to settle on Friday 24 October 2025. The new shares will rank equally with the existing fully paid ordinary shares of the Company.

Significant increase in pro-forma adjusted EBITDA

The Core Chemicals acquisition accelerates De.mem's adjusted EBITDA growth.

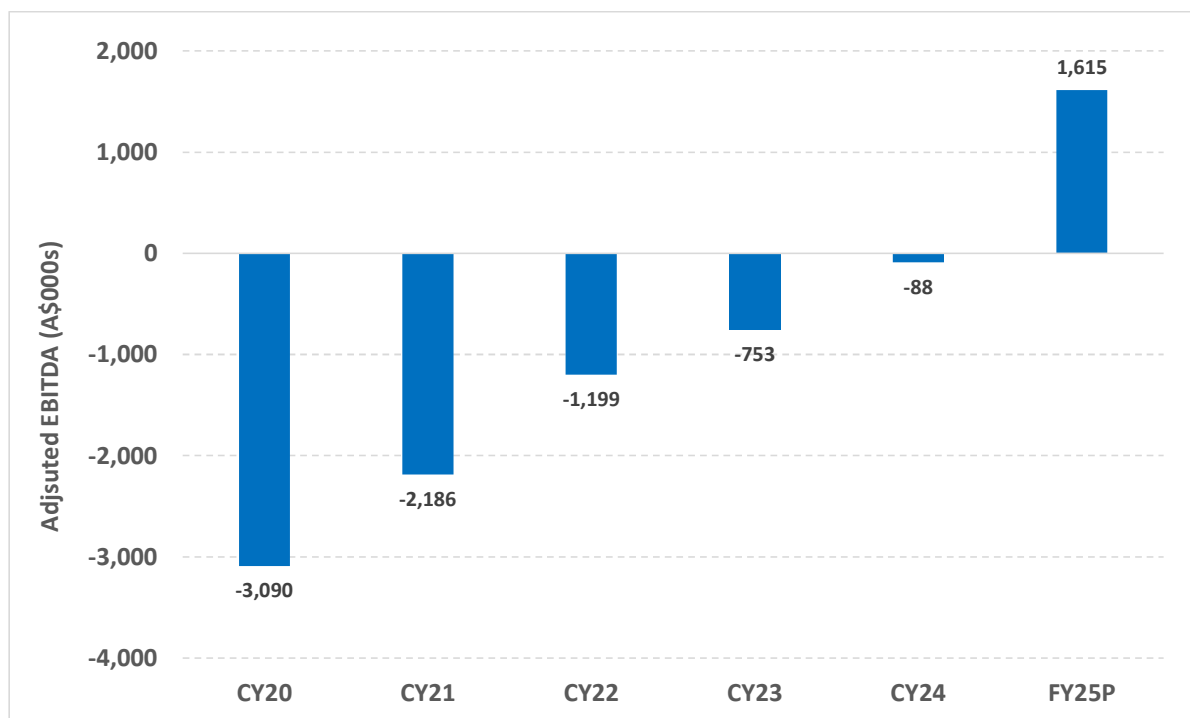
De.mem generated adjusted EBITDA of \$329k in the second half of Calendar Year (CY) 2024 (see annual report) and \$556k in the first half of CY 2025 (see half year report). The total adjusted



EBITDA for the 12 months ended 30 June 2025 was \$885k. As noted above, the Core Chemicals acquisition would have added approximately \$730k to the above.

The combined pro-forma adjusted EBITDA for the 12 months ended 30 June 2025 would have been approximately \$1.6m. Chart 1 illustrates the pro-forma EBITDA trends (noting that De.mem reports on a calendar year basis and the combined results are pro-forma only).

CHART 1: De.mem-Core Chemicals Proforma FY25 EBITDA (A\$M)



Note: CY20-CY24 represents De.mem stand alone EBITDA.

Management Commentary

De.mem Chief Executive Officer Andreas Kroell said:

"I am excited by the potential of our combined De.mem-Core Chemicals businesses. Together, we will be able to provide a true one stop shop of water treatment products, chemicals and services to Australian gold mining customers."

I welcome new investors to our share register and thank existing investors for their ongoing support. I would like to thank the Board and senior management for the strong endorsement with their personal investment in the Company as part of this placement."

Core Chemicals founder and operations manager Mr. Kit Chia said:

"We are delighted to join the De.mem Group. Our offering and customer base, combined with De.mem's comprehensive product range around their innovative membrane technologies and specialty chemicals, provides a substantial growth opportunity."



De.mem is the perfect partner to take our business to the next level, enabling us to enhance our customer service proposition. We look forward to jointly expanding the combined business within our region."

This release was authorised by the Company's Chief Executive Officer, Mr. Andreas Kroell.

-Ends-

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De.mem Limited (ASX:DEM) is a decentralised 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's technology to treat water and wastewater is among the most advanced globally. The Company is headquartered in Australia and has international locations in Singapore and Germany. It is commercialising an array of innovative proprietary membrane technologies.

To learn more, please visit: 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.