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RECORD GROWTH IN H1 2021

Key Highlights

- **Record revenues in H1 2021 with $9.1 million,** ~44% above H1 2020
- **Strong growth momentum,** following 40% revenue growth in CY 2020 (vs. pcp, CY 2019)
- **Continued recurring revenue growth** to ~65% of total in H1 2021, up from 38% of total in CY 2018
- **Gross margins have continued increasing** to 34% in H1 2021, up from 25% in CY 2018
- **Recently acquired Capic business in Western Australia exceeding expectations**
- **Record balance sheet** supports strong growth prospects
- **Well positioned to capitalize on Build, Own, Operate (BOO) opportunities,** deploying advanced membrane solutions
- **Record CY2021 outlook,** with significant growth expected.

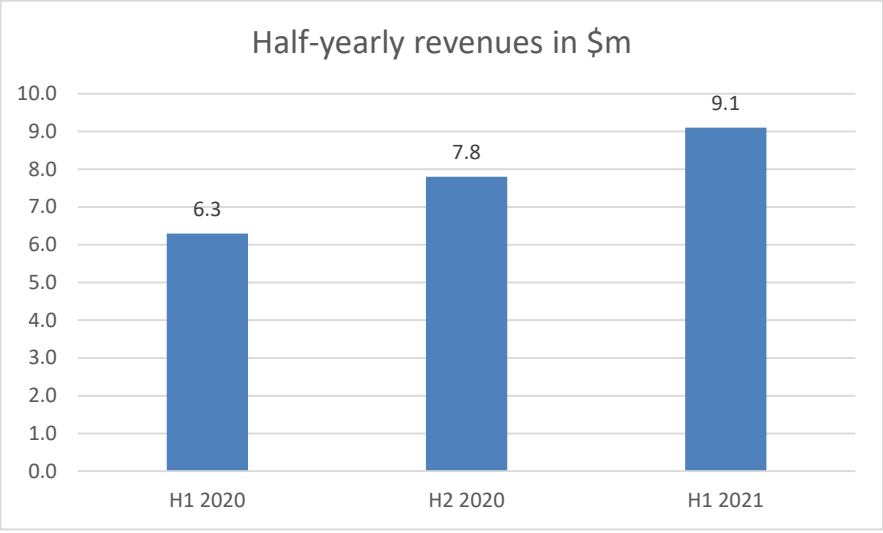
30 August 2021: Water and wastewater treatment company De.mem Limited (ASX: DEM) ("De.mem" or "the Company") is pleased to report strong H1 2021 results.

Record revenue growth maintains strong growth momentum

Record high revenues

De.mem is pleased to report its all-time record high half-year revenues of $9.1 million in H1 2021, approx. 44% growth over $6.3 million in H1 2020.

CHART 1: HALF-YEAR REVENUE TRENDS



De.mem continues its strong growth momentum, with revenue growth as follows:

- ~44% growth in H1 2021 vs. prior corresponding period,
- ~40% in FY20 vs. prior corresponding period CY 2019.

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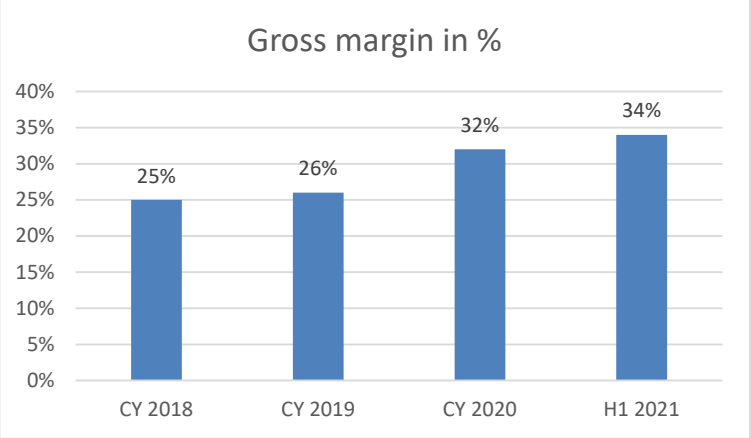
Revenue growth has been largely organic and only includes a partial period contribution from the recent acquisition of Capic, Perth, which was completed (became legally effective) on 1 April 2021. De.mem will receive a full contribution from Capic revenues in second half of the calendar year.

Growing Profit Margins

Growing profit margins reflect the value of De.mem's unique technology portfolio and high-value-add product and service offering.

Gross margins increased to approx. 34% of revenues in H1 2021, up from approx. 32% in CY 2020.

CHART 2: GROWING MARGINS



Recurring Revenue Underpins Growth

Growing recurring revenues continue to underpin overall growth

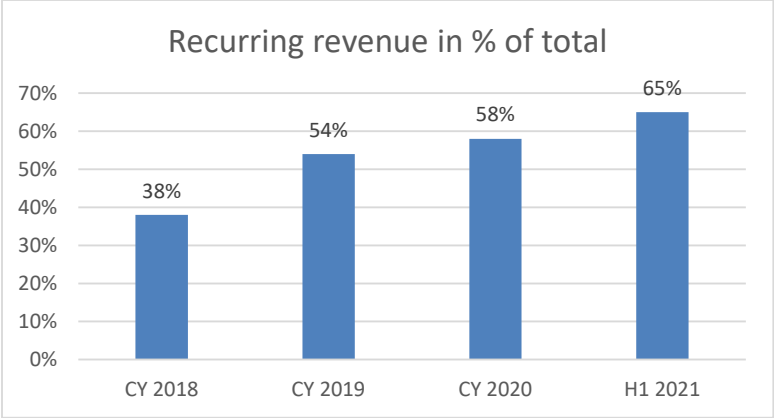
Recurring revenues increased to ~65% H1 2021, up from 38% in CY2018, as illustrated in Chart 3.

Recurring revenues include:

- Build, Own, Operate (BOO) and Operations & Maintenance contracts.
- Membrane replacement sales into existing facilities.
- Specialty chemicals sales through the De.mem-Capic and De.mem-Geutec subsidiaries.
- Pumps and related services through De.mem-Pumptech subsidiary.

Recurring revenues are a key growth driver, with pleasing growth in specialty chemicals business De.mem-Geutec GmbH ("Geutec"), Germany. Geutec grew by approx. 46% to A$ 1.48 million in H1 2021, up from A$ 1.01 million in H1 2020. This growth benefitted from the Company's successful cross-sell strategies, with strong demand for Company's wider product range from Geutec's existing customer base in Germany.

CHART 3: GROWING RECURRING REVENUES



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World Leading Membrane Technology Provides Strong Competitive Advantage

Patented and proprietary technology portfolio provides significant competitive advantage

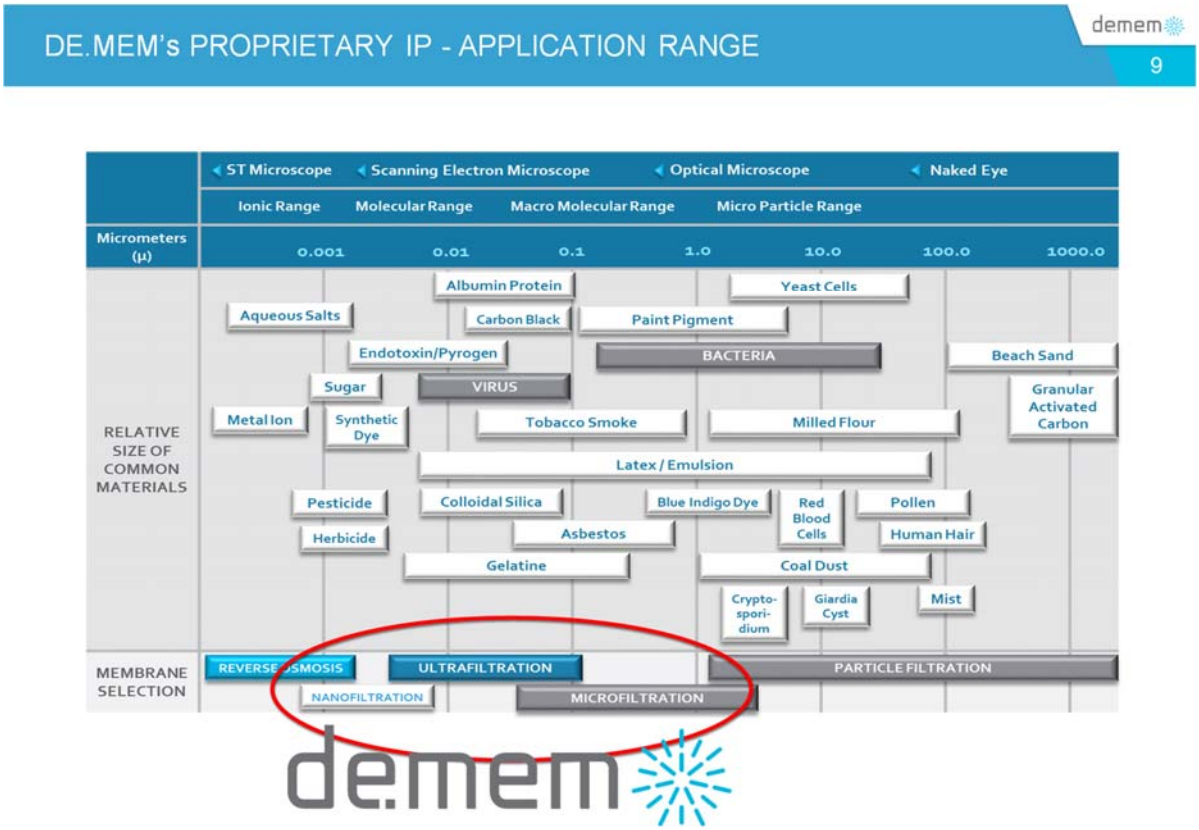
De.mem's unique competitive advantage is its proprietary and patented technology portfolio, comprising its suite of hollow fibre Nanofiltration, Ultrafiltration and Microfiltration membranes.

The Company's membranes are the key component of its integrated water and waste water treatment systems and its Build, Own, Operate and service contracts.

The Company's membrane technologies are manufactured at its production site in Singapore. During H1 2021, De.mem moved to a new, larger site in Singapore, upgrading its membrane production capacity in anticipation of further strong growth implied by its strong sales pipeline.

Chart 4 illustrates that De.mem is able to treat industrial wastewater across the microscopic particle spectrum, from the ionic to micro particle range, applicable to a wide range of applications, including treatment of herbicide, pesticide, larger salt molecules, small solids and small organics including bacteria and viruses.

CHART 4: DE.MEM PROPRIETARY TECHNOLOGY APPLICATION RANGE



Record Balance Sheet Supports Growth

The Company's record ~$9.9m cash and term deposits as at 30 June 2021 supports the Company's future growth prospects.

De.mem's record balance sheet supports its future growth prospects, in particular enabling it to provide larger BOO contracts to its enterprise level clients, including the customers of the recently acquired Capic business.

The Company reported a reduced Loss before Income Taxes of $1.6 million during the period (H1 2020: $-1.9 million).

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Adjusted EBITDA loss of $1.1 million was flat compared to the prior period (H1 2020: $-1.1 million), reflecting the ongoing investment into the R&D and manufacturing scale up in Singapore (approx. $0.5 million) and sales & marketing team growth (approx. $0.6 million). (EBITDA adjustments are for non-cash expenses including depreciation and amortization, share based payments and finance cost).

Build, Own, Operate with Industrial Clients as Unique Service Offering

BOO contracts generate recurring revenues, high margins, customer loyalty and cross-sell opportunities

A BOO scheme involves a long-dated rental of De.mem's water treatment equipment, typically based on the Company's proprietary membrane technology. Following commissioning of the plant, De.mem operates and maintains the equipment for the client, generating additional recurring revenues through provision of all required replacement membranes, chemicals and consumables.

The BOO contracts typically come with a fixed term of several years. The offering enables the Company to generate stable, recurring revenues streams from a reputable client base, and to build strong customer relationships.

The BOO offering combines De.mem's extended range of capabilities, including:

- advanced, proprietary membrane technology
- operations & maintenance services and
- supply of in-house Australian-manufactured anti-scalants and membrane chemicals required during operations.

BOO services require some upfront capital to finance equipment leasing. Going forward, these projects can be funded through the issuance of debt instruments.

New Build, Own, Operate Projects Commissioned

De.mem commissioned two significant, industrial BOO projects during H1 2021, which are both fully operational and revenue generating.

The first is a long-term BOO Agreement with a leading multinational corporation from the food & beverage sector for $1.7m (see ASX release, *De.mem signs $1.7m BOO agreement*, dated 25 November 2019). The containerized waste water treatment plant was designed, built and commissioned and is now operated & maintained by De.mem The system treats waste water from one of the client's facilities in Singapore to regulatory discharge standards.

The second BOO agreement is for a waste water treatment system deployed at another manufacturing facility of the same customer (see ASX release, *De.mem signs $800,000 Build, Own, Operate contract,* dated 10 September 2020).

IMAGE 1: BUILD, OWN, OPERATE PROJECTS

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<td>Containerized waste water treatment plant under Build, Own, Operate scheme</td>
<td>De.mem Ultrafiltration membranes as key component of treatment process</td>
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Successful Integration of Capic

Capic acquisition exceeding expectations, with strong De.mem customer interest in Capic's highly complementary product range and significant cross-sell pipeline

On 16 March 2021, De.mem announced its acquisition of the assets of Capic, a Perth-based supplier of high value-add specialty chemicals to blue chip mining clients. See ASX release, "*De.mem announces strategic acquisition in Western Australia"*, dated 16 March 2021.

The "asset acquisition" was formally completed (became legally effective) on 1 April 2021, with a new subsidiary, De.mem-Capic Pty Ltd, continuing Capic's business via the new entity and brand. Commercial integration, including sales pipeline development, commenced thereafter.

De.mem-Capic exceeded expectations in the June Quarter 2021, generating approx. $900k revenue, tracking above the 3-year average revenue of ~$3.3m (See ASX release, "*Investor Presentation*", dated 16 March 2021, page 8).

The key rationale for the Capic acquisition is the substantial revenue growth opportunity provided by:

- Cross-sell of Capic's specialty chemicals products, such as anti-scalants and membrane chemicals, into De.mem's existing customer base. Capic has ~50 clients, all in Western Australia, with average contract value of ~$66k.
- Cross-sell of De.mem's advanced membrane products into Capic's West Australian customer base, including the opportunity to offer Build, Own, Operate and service contracts. De.mem has ~100 clients, with average CY2020 announced contract value of $861k.

De.mem is pleased to report strong growth in the cross-sell sales pipeline, with first Capic cross sales reported during the quarter (see ASX release "*De.mem achieves first Capic cross sales*", dated 17 June 2021).

Outlook

De.mem expects significant revenue CY2021 growth relative to CY2020.

The first half results have created a strong base for significant full-year growth. Key considerations are:

- Revenues of ~$9.1m recorded in H1 2021, approx. 44% growth vs. $6.3m in H1 2020, provide a strong foundation.
- Reported H1 2021 growth is largely organic.
- Reported growth includes only a partial contribution from recently acquired Capic business, while full contribution is expected for H2 2021.
- Significant and growing pipeline for new projects, in particular for Build, Own, Operate projects, both in Australia and internationally, with the majority of orders typically received in the second half of the calendar year.

The foregoing comments are subject to any negative impact from Covid-19. Further extension of current lockdowns may impact the Company's projects business, particularly the ability to generate cash receipts from contracted projects according to schedule; and the ability to close new projects as expected.

CEO Commentary

De.mem Chief Executive Officer Andreas Kroell said:

"De.mem has made strong progress during the first half of CY 2021. Our track record of organic growth is outstanding.

I am delighted to report that we achieved record half-year revenues of $9.1m, record top-line growth of 44%, and we also increased gross margins as well as the share of our recurring revenue segments vs. total revenues.

Our growth is driven by our advanced membrane technology and comprehensive product and service offering in particular for industrial clients.

Subject to any negative impact from the current Covid-19 situation in particular in Australia, the Company is well placed for significant growth in CY2021, given the strong base of the first half results, the strong

growth of recurring revenue segments, the growing contribution of recently acquired Capic and the historically stronger second half of the calendar year."

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

-ENDS-

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De.mem Limited (ASX:DEM) is an Australian-Singaporean 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 has commercialised an array of innovative proprietary technologies, both developed in-house and from its research and development partner, Nanyang Technological University (NTU) in Singapore, a world leader in membrane and water research. Its technology portfolio includes a revolutionary low-pressure hollow fibre nanofiltration membrane that uses less electricity and is cheaper to operate than conventional systems, as well as a new Forward Osmosis membrane deployed in de-watering applications for the concentration of liquids.

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.

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