



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

CEO AGM PRESENTATION

28 May 2024: De.mem Ltd (ASX: DEM) (“De.mem” or “the Company”), a leading provider of decentralized water and wastewater treatment solutions across Australia and globally, hereby encloses, in accordance with ASX Listing Rule 3.13.3, the CEO Presentation to be delivered today at the De.Mem Limited Annual General Meeting.

This release was authorized by the Company’s Chief Executive Officer, Mr. Andreas Kroell.

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For further information, please contact:

De.mem Limited

Andreas Kroell

CEO

De.mem Limited

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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.



Dear Shareholders,

I am delighted to report that De.mem (“De.mem” or “the Company”) is performing at record levels, with a record outlook.

Record Results and Outlook

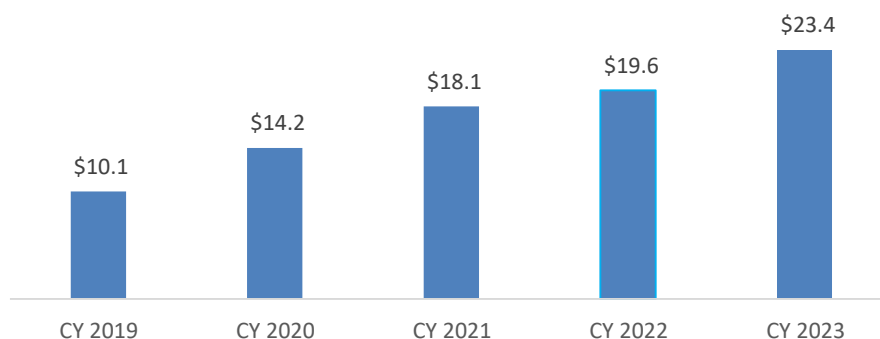
We are achieving records at multiple levels.

We are proud to report 19% revenue growth to \$23.4 million in CY 2023, continuing our trend of approximately 23% average annual growth since CY 2019 (as measured by the CAGR or compound average growth rate).

We also reported record annual cash receipts of A\$24.8m, and record December quarter 2023 cash receipts of A\$7.1m.

We carried the growth momentum over into the March Quarter 2024, with \$6.6m in quarterly cash receipts recorded, up by 14% vs. prior corresponding period. We have now reported 20 consecutive quarters of growth vs. pcg.

CHART 1: ANNUAL REVENUES (\$M)



Recurring Revenues Underpin Strong Growth Outlook

I am delighted to report that our shift to a predominantly recurring revenue model is nearly complete, with approx. 90% of cash receipts and revenues respectively now recurring.

This is a significant inflection point for our Company and supports our ongoing growth trajectory.

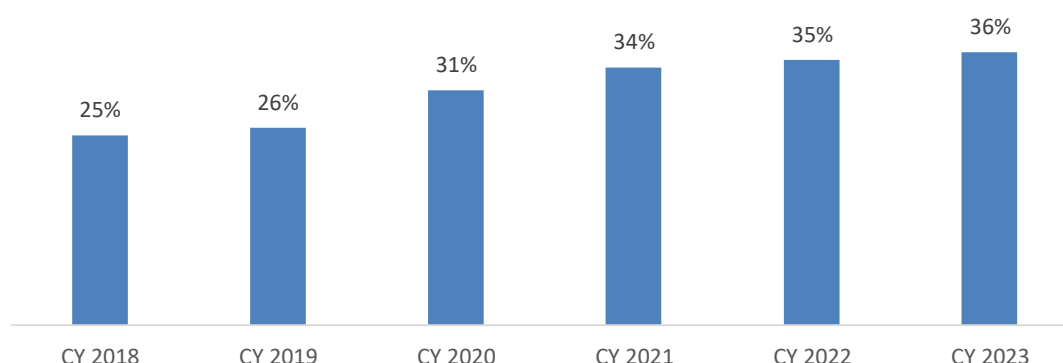


Continued Margin Growth

Gross margins have improved consistently since CY 2018, reaching 36% in 2023.

This growth is driven by our expanding portfolio of higher-margin recurring product sales and services.

CHART 2: INCREASING GROSS MARGINS



Momentum to EBITDA and Operating Cashflow Positive Results

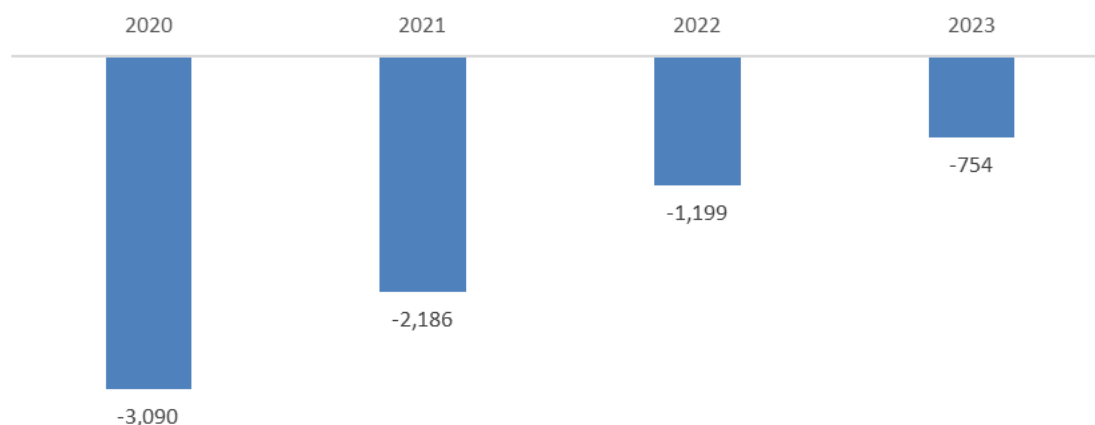
We have strong momentum towards achieving operating cashflow positive results.

Each year, our annual adjusted EBITDA loss has reduced – from approximately \$3.1m loss in CY 2020 to \$2.2m loss in CY 2021, \$1.2m loss in CY 2022 and \$754k loss in CY 2023. Adjusted EBITDA is defined as the EBITDA adjusted for business acquisition cost and share based payments expense, as reported in detail in our Consolidated Financial Report (see page 6).

Going forward, the margin contribution from the recent Border Pumpworks acquisition as well as from selling our Graphene Oxide enhanced membranes into the domestic water filtration market – an additional approx. \$1m in revenues are projected for sales into North America and Australia during the first two years only – provides further momentum towards achieving sustainable EBITDA and operating cashflow positive.

Our path to positive cashflow continues whilst we maintain our investment in our Singapore membrane technology research & development activities, which reinforces our competitive advantage in water treatment technology.

CHART 3: ADJUSTED EBITDA LOSS (A\$000s)



National Sanitation Foundation (NSF) Certification for Graphene-Oxide Enhanced Membrane

We are excited by the revenue growth opportunities presented by our recent entry into the North American market for domestic water filtration, which is estimated at US\$12.1 billion in 2022 (source: Grand View Research, November 2022).

In May 2024, we were delighted to achieve NSF certification for our Graphene Oxide Enhanced membrane technology, after more than two years of strenuous NSF testing. With this milestone completed, the technology can now be commercialized into North America.

During the initial market introduction phase, the Company conservatively expects over \$1m in new revenues from the North American and Australian markets only.

We have already received our first order for Graphene Oxide enhanced membrane cartridges worth \$55k from our Canadian distribution partner, Puraify, for sales outside the USA, and we expect many more to come.

Acquisition Value-add Strategy

I am delighted to report continued success in our acquisition strategy.

Our strategy is to acquire smaller water treatment solutions operators and grow them with cross-sales, economies of scale and cost synergies.

To this end, I am pleased to highlight that we have increased the revenue of our last 4 acquired businesses by an average of 63% over the last 4 years.

Our recent acquisition completed in May 2024, Border Pumpworks, adds to our customer base, capabilities and regional presence in South East Australia, enabling further cross-sell and recurring revenue growth.



Conclusion

I am delighted to report that our performance and outlook have never been better.

This is an exciting time in our Company's growth history, with revenues approx. 90% recurring, record results reported, continued momentum to operating cash flow positive and an additional, substantial opportunity in the North America domestic water filtration market.

We look forward to updating shareholders on our continued strong growth momentum.

Andreas Kroell

CEO, De.mem Limited