

## 31 MARCH 2025 QUARTERLY ACTIVITIES REPORT: CASH FLOW POSITIVE WITH RECORD CASH RECEIPTS

**15 April 2025:** Industrial water and wastewater treatment company De.mem Limited (ASX: DEM) ("De.mem" or "the Company") is pleased to report record March Quarter 2025 results.

### KEY HIGHLIGHTS

- **Quarterly cash receipts** of approx. \$7.9 million – highest quarterly cash receipts ever recorded in company history.
- **Cash receipts growth of 20% vs. prior corresponding period (pcp).**
- **Continued double digit organic growth.**
- **Continued and stable growth momentum**, 24 successive quarters of cash receipts growth versus prior corresponding period (pcp).
- **Third consecutive quarter of positive quarterly operating cash flows** of \$303,000.
- **Strong growth and cash generation** is a result of the successful positioning of the company as a provider of high-quality industrial water and waste water treatment services and solutions backed by leading membrane technology – delivering stable and high-margin recurring revenues.
- **Domestic water treatment product launch progressing** with new partnership signed for sales of domestic water treatment systems incorporating De.mem's Graphene Oxide enhanced membrane into China, Indonesia and Japan.
- **First order received for sales of domestic water treatment systems into China.**
- **Strong and increasing cash balance of approx. \$3.7m as of 31 March 2025** (31 December 2024: \$3.6m).
- **On track for record CY 2025.**

### Record results

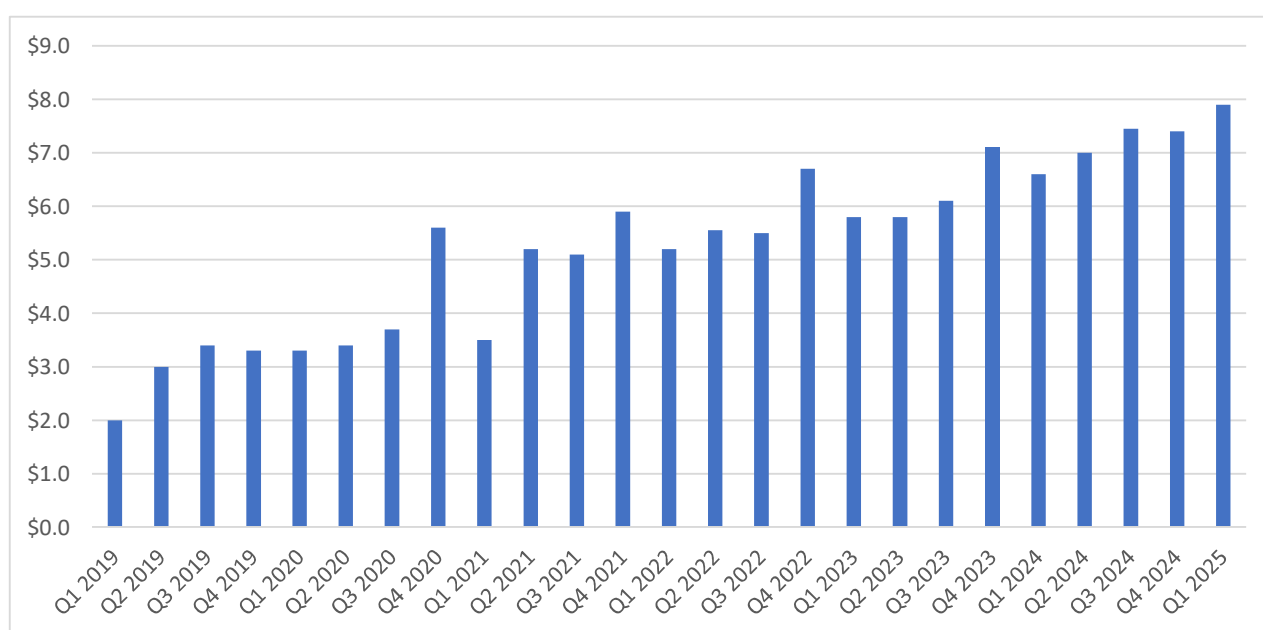
De.mem is delighted to report the following record results for the March Quarter 2025:

- Cash receipts of approx. \$7.9m are the highest quarterly cash receipts ever recorded in the Company's history.
- Cash receipts growth of approx. 20% compared to prior corresponding period (pcp), the March Quarter 2024. This outperforms by more than 5x the average annual revenue growth rate of 3.5% for the industry as measured by the Baird water

technology index, which combines 12 large water focused manufacturers that are representative of the broader water sector (source: Baird, Global Water Sector Update, Q1 2024).

- Cash receipts compound annual growth rate (CAGR) is approx. 26% over the last 6 years.
- Organic growth relative to pcg is approx. 11%.
- Strong and continued growth momentum, with 24 consecutive quarters of cash receipts growth vs pcg, despite the Covid-19 pandemic in CY2020-21 and slowing global growth in CY2022-23.

**CHART 1: RECORD 24 QUARTERS OF CASH RECEIPTS GROWTH VS. PCP  
(QUARTERLY CASH RECEIPTS IN A\$ MILLION)**



### **Positive quarterly net operating cash flows for the third consecutive quarter**

De.mem is pleased to report positive net operating cash flows of \$303,000 for the March Quarter 2025. The result is based on the strong performance of the Australian and German operating entities.

While delivering operating cash flow positive results for the group, De.mem continued to invest approx. \$200,000 into its Singapore subsidiary during the March quarter 2025. The Singapore entity is predominantly engaged into the development and commercialization of the Company's new membrane technologies (see further details below). The spending is included into the operating cash flows as stated in the Appendix 4C.

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

### **Total of \$939,000\* in net operating cash flows generated over last 12 months**

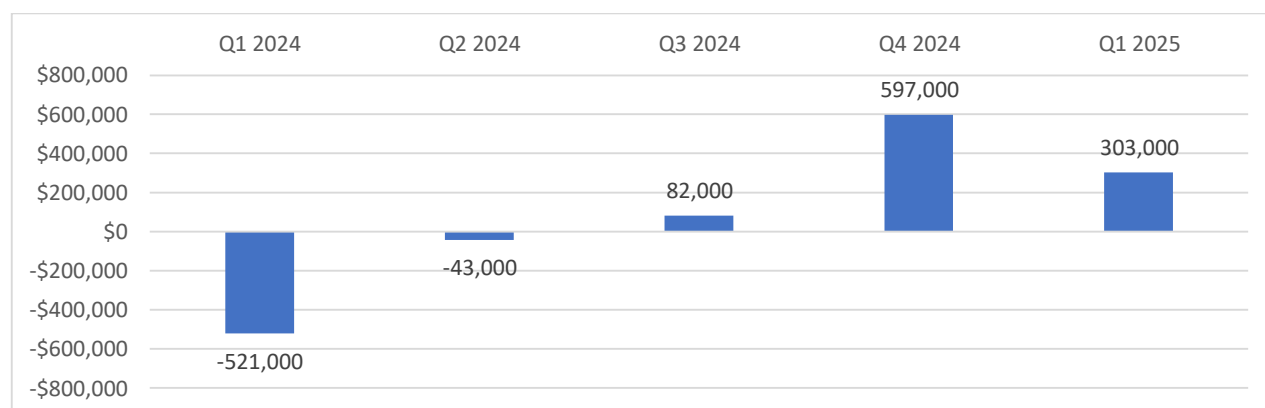
The strong result of \$303,000 in net operating cash flows generated in the March quarter

follows \$597,000\* in operating cash flows reported for the December Quarter 2024, and \$82,000 reported for the September Quarter 2024.

Over the last 12 months, De.mem generated a total of \$939,000\* in operating cash flows.

The Company had also achieved operating cash flow break even for the full CY 2024, which marked the first full calendar year in the Company's history for which this key objective could be reported.

**CHART 2: QUARTERLY NET OPERATING CASH FLOWS IN A\$\***



\*Net operating cash flows as stated in the audited financial statements. See the ASX release "CY 2024 Consolidated Financial Report" dated 27 February 2025 for details

### **Strong performance despite seasonality of the business**

The strong March quarter results for CY 2025 provide a solid foundation for continued growth and a record CY 2025 outlook.

The strong results are remarkable as the first quarter of a calendar year is typically slightly weaker than the remaining quarters. This is mainly due to corporate customers ordering less during the holiday season.

Historically, for the calendar years 2022 to 2024, the first quarter of each calendar year generated between 22% and 23% of total annual cash receipts.

### **Recurring cash receipts underpin strong outlook**

Approximately 90% of De.mem's cash receipts are recurring, which underpins the Company's strong growth momentum and record outlook for CY 2025.

Recurring revenue segments comprise the following:

- The provision of water and waste water treatment services i.e. through
  - Long term Build, Own, Operate ("BOO") and Operations & Maintenance ("O&M") contracts.

- Regular maintenance work on water treatment equipment.
- Maintenance of pumps.
- Specialty chemicals sales.
- Sales of small equipment and consumables.
- Membrane replacement sales into existing industrial facilities.
- Sale of domestic water treatment systems and replacement of membrane cartridges.

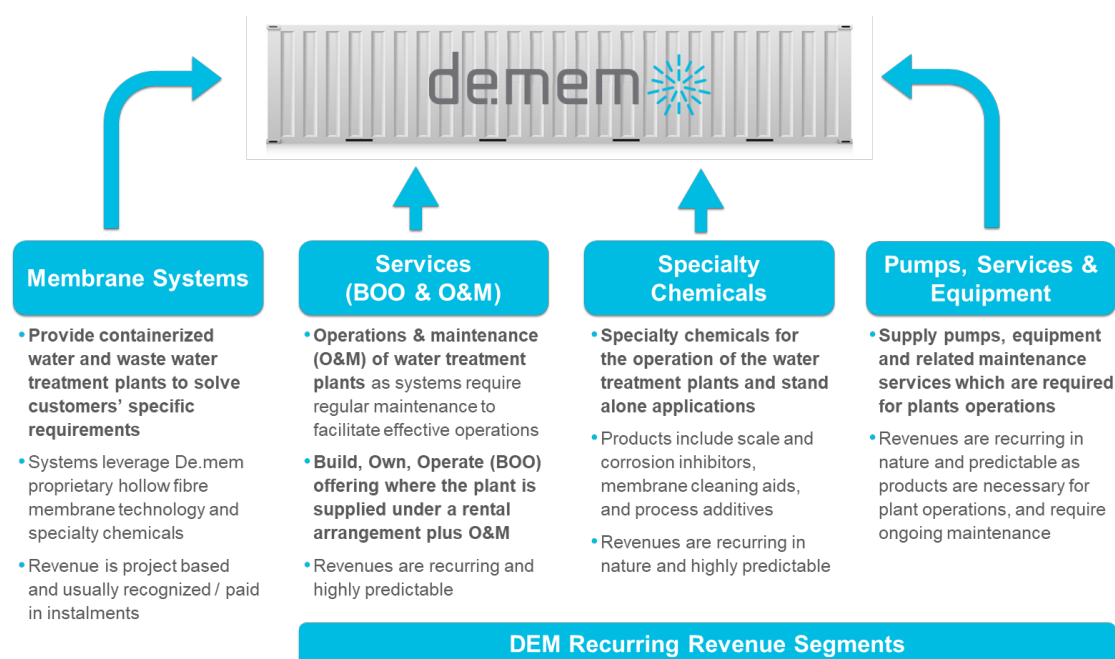
### Premium offering drives continuous margin growth

De.mem's vision is to continue the Company's above-average growth, and to be the leading international supplier for de-centralized, industrial water treatment solutions.

The Company's business focuses on providing a high quality, "one stop shop" water and waste water treatment offering to multi-site industrial customers, including leading corporations such as Rio Tinto and South 32 from the mining sector and Givaudan from the food & beverage segment.

The comprehensive offering, backed by innovative membrane technology (see section below) is unique within a highly fragmented market for de-centralized (=containerized, flexible solutions deployed at the water source) industrial water treatment.

**IMAGE 1: DE.MEM BUSINESS SEGMENTS & COMPREHENSIVE OFFERING**

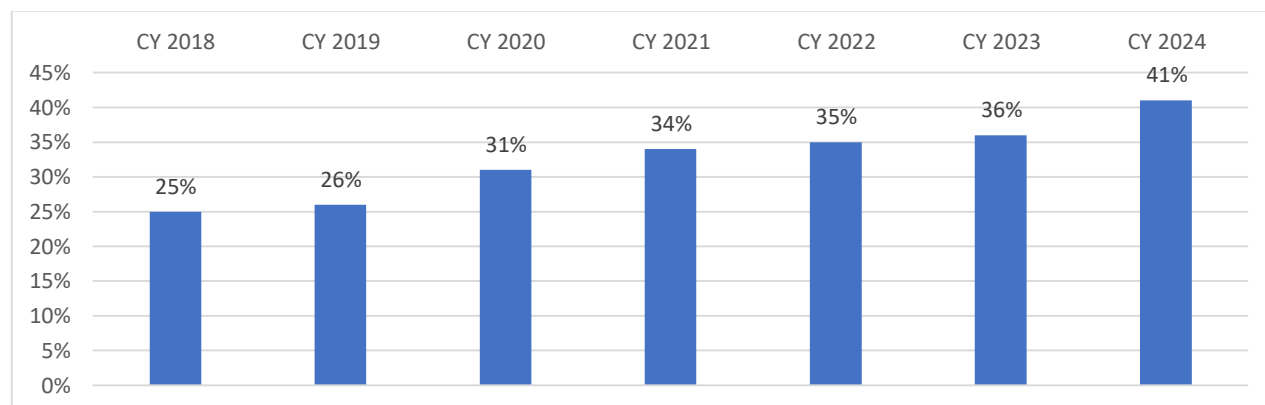


The Company's strategy has focused on growing its recurring revenue segments by building long-term industrial key accounts. Recurring revenues now account for approx. 90% of overall revenues. The "Services" and "Specialty Chemicals" segments deliver strong gross margins, resulting in an above industry and increasing gross margin profile.

De.mem's gross margins have increased from 18% in CY 2017 to 36% in CY 2023, and a

record 41% in CY 2024. The Company's gross margin of 41% in CY 2024 exceeds the average industry gross margin of 38.7% as measured by the Baird water technology index, which combines 12 representative large water-sector focused manufacturers (source: Baird, Global Water Sector Update, Q1 2024).

**CHART 3: GROSS MARGIN (IN % OF REVENUES)**



### **World leading membrane technology provides strong competitive advantage**

De.mem has a strong competitive advantage of innovative, proprietary 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 its 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, Graphene Oxide ("GO") enhanced polymer membranes, with substantially improved filtration characteristics such as up to 40% higher water flux (throughput), leading to significantly reduced operating cost for the water treatment process.

### **Domestic water filtration market entry in progress**

De.mem also offers its membrane products for domestic water treatment applications – a large and growing segment of the global water treatment market.

The global domestic water filtration market was estimated at US\$12.1 billion in 2022 and is expected to grow by 10.5% per annum to US\$26.7 billion by 2030 (source: *Grand View Research, November 2022*). The Asia-Pacific region accounts for the largest share in the overall market for domestic water filters.

On 9 May 2024, the Company announced its formal USA National Sanitation Foundation (NSF) certification under NSF Standard 53 for the Company’s GO enhanced membrane technology (see ASX release “*Graphene Oxide enhanced membrane - NSF formal certification*”, 9 May 2024). The certification is required for the deployment of the membrane in potable or drinking water applications in the USA and many other countries.

In North America, De.mem commercialises the new Graphene Oxide enhanced membranes through its sales distribution partnership with Purafy Clean Technologies, Kingston, Ontario, Canada (see ASX release, “*De.mem signs technology commercialization partnership agreement*”, 19 July 2022).



**De.mem’s standardized Ultrafiltration membrane systems product range**

De.mem’s new range of small, standardized Ultrafiltration membrane systems – incorporating the GO enhanced membrane as the key component – was introduced to the market on 13 November 2024 (see ASX release, “*De.mem advances membrane technology product offering*”).

The unique elements of the new Ultrafiltration (UF) systems are:

- Deploying De.mem’s NSF certified Graphene Oxide (GO) enhanced Ultrafiltration membrane as their key component.
- Compact design thanks to high throughput of membrane.
- Robust and easy to install and use.
- Designed for residential, municipal and small industrial applications.
- All components are fully NSF certified.
- Accelerated volume treatment rates, of up to 1m3 (1,000 liters) of water per hour.

These systems cater to both residential drinking water and industrial wastewater applications, ensuring versatile solutions for diverse market needs.

<p><b>IMAGE 2: De.mem compact Ultrafiltration (UF) System for deployment under the kitchen sink</b></p>	<p><b>IMAGE 3: De.mem compact UF System for volumes of up to 1,000l/hr</b></p>
	



## **New distribution partnership signed; first order received for China**

During the March Quarter 2025, De.mem announced a new distribution partnership with Firmbase Singapore. Under the agreement, Firmbase Singapore gains non-exclusive rights to distribute De.mem's standardized filtration systems to customers in China, Indonesia and Japan. See ASX release, "*De.mem announces strategic distribution agreement for key Asian markets*", dated 11 February 2025, for further details.

Firmbase is a Singapore-based company, operating since 2011, with the self-described mission to "explore development opportunities in advanced materials to meet the growing needs for water, energy and infrastructure" (source: [www.firmbase-group.com](http://www.firmbase-group.com)). Firmbase Singapore has an extensive network in Asian markets, particularly across China, Indonesia and Japan.

De.mem also received its first order for the new Ultrafiltration systems from Firmbase Singapore worth approximately \$15,000 in revenues. The systems sold to Firmbase Singapore will ultimately be sold to Chinese customers. While the order is not material relative to De.mem's annual revenues, it is a significant milestone as it marks successful entry into the substantial Chinese market.

The Chinese home water filtration unit market generated revenue of approximately US\$ 1.6 billion in 2022, growing at an expected compound annual growth rate of 10.7% from 2023 to 2030, and is expected to reach US\$ 3.6 billion by 2030 (source: *Grand View Research, China home water filtration unit market size and outlook, 2018-2030*).

## **Continues strong acquisition value-add track record**

De.mem successfully integrated its two recent acquisitions, Border Pumpworks and Auswater Systems. In the March Quarter 2025, the two entities contributed approx. \$1m in cash receipts to the group. Annualized, this is approx. 67% above the combined revenues of the two entities of \$2.4m per annum, or \$600,000 per quarter respectively, prior to the acquisition.

The acquisition of Border Pumpworks, based in Wodonga/regional Victoria, was completed on 1 May 2024 (see ASX release dated 29 April 2024). Border Pumpworks has been operating since 1992, servicing and supplying pumps and small water treatment systems to mainly industrial customers in regional Victoria and New South Wales.

Auswater Systems, based in Perth, Western Australia, was completed on 1 July 2024 (see the ASX Investor Presentation dated 3 June 2024). Auswater Systems has an operating history of 29 years and services water and waste water treatment systems on behalf of more than 50 recurring clients, mainly from the Western Australian mining industry.

De.mem has a strong acquisition track record, reporting 63% revenue growth across 4 acquisitions since 2019 (excluding the two above; see the ASX Investor Presentation dated 3 June 2024, page 4).

The Company operates in a highly fragmented sector, with several niche, local operators (see the ASX Investor Presentation dated 3 June 2024, page 11). These smaller operators are unable to compete with De.mem's national reach, proprietary technologies, technical capabilities and "one stop shop" offering (including pumps, chemicals, proprietary membrane technology, and filters).

The positive operating cashflow reported for the March Quarter 2025 and full Calendar Year 2024 (see above) is an important milestone as it helps to position De.mem to potentially access debt finance for future acquisitions, which would enable a higher return on equity in any potential future acquisitions.

### **Record Outlook for CY 2025**

De.mem is on track for record full-year results in CY2025, given the following:

- Record March Quarter 2025 cash receipts.
- Strong growth momentum, with:
  - 20% March Quarter 2025 cash receipts growth vs pcg;
  - 26% CAGR in cash receipts over the past 6 years; and
  - continued double-digit percentage organic growth momentum.
- Approx. 90% of cash receipts being recurring, providing cashflow visibility.
- The transition to positive operating cash flows over the last 3 quarters allowing further growth reinvestment.
- Further upside from the integration of the recent Border Pumpworks and Auswater Systems acquisitions, noting that the two acquisitions had only been contributing to the financials from approx. mid-year 2024.
- Revenue contribution from the Company's domestic water filtration products.
- Continued cross-sell of high-margin products across the Company's national business portfolio, also driving margins.
- Potential access to debt finance to enhance return on equity (ROE), based on the positive operating cashflow reported.

### **CEO Commentary**

De.mem Chief Executive Officer Andreas Kroell said:

*"I am pleased to report the highest quarterly cash receipts ever recorded in company history, along with our third consecutive quarter of positive net operating cash flows."*



*The result is remarkable as it was achieved in the first quarter of the new calendar year, which is typically the weakest quarter.*

*We have successfully delivered on our strategy of providing innovative, proprietary water and waste water treatment services to industrial customers, backed by leading technology, as demonstrated by our company generating approximately \$900k in positive operating cash flows over the last 12 months.*

*Our strong March Quarter 2025 puts the Company on track for record full CY 2025 results. We look forward to continuing to deliver for our shareholders and customers”.*

#### **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:**

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**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 equipment, 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

<b>Name of entity</b>
De.mem Limited

<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
12 614 756 642	31 Mar 2025

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	7,908	7,908
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(4,640)	(4,640)
(c) advertising and marketing	(42)	(42)
(d) leased assets	-	-
(e) staff costs	(2,366)	(2,366)
(f) administration and corporate costs	(598)	(598)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	14
1.5 Interest and other costs of finance paid	(14)	(14)
1.6 Income taxes paid	26	26
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	15	15
<b>1.9 Net cash from / (used in) operating activities</b>	<b>303</b>	<b>303</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) businesses	(14)	(14)
(b) property, plant and equipment	(32)	(32)
(c) investments	(7)	(7)
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	38	38
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(15)</b>	<b>(15)</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	(31)	(31)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities)	(160)	(160)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(191)</b>	<b>(191)</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.	3,632	3,632
4.2	Net cash from / (used in) operating activities (item 1.9 above)	303	303

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(15)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(191)	(191)
4.5	Effect of movement in exchange rates on cash held	14	14
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,743</b>	<b>3,743</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,932	2,824
5.2	Call deposits	811	811
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>3,743</b>	<b>3,635</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	151
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) 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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	303
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,743
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,743
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<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?	
	N/A	
	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?	
	N/A	
	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?	
	N/A	
	<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: 15 April 2025

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.