



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

## Trading Update

### Highlights:

- Preliminary adjusted 1Q21 cash receipts +12% above prior corresponding quarter 1Q20
- Strong second quarter 2Q21 with recurring and contracted (as of today) cash receipts of \$4.5 – 5m expected, projecting growth of +33-47% vs. prior corresponding quarter 2Q20 (excluding any additional impact from recent Capic acquisition)
- Continued growth in recurring cash receipts, to ~67% total
- Continued growth of subsidiary De.mem-Geutec with 1Q21 cash receipts of ~\$1.05m, approx. ~90% above 1Q20 (Geutec)
- Continued growth of subsidiary De.mem-Pumptech, with 1Q21 cash receipts of ~\$0.75m, approx. ~10% above 1Q20 (Pumptech)
- Continued expansion in Food, Beverages, and Sustainable Agriculture segment.

**9 April 2021** : Water and wastewater treatment company **De.mem Limited (ASX:DEM)** (“De.mem” or “the Company”) is pleased to provide a Trading Update.

### Guidance

*The Company reiterates previous guidance (excluding the Capic acquisition):*

- “Significant CY2021 growth expected” relative to CY2020 cash receipts of \$16.5m.
- ~\$14.5m CY2021 cash receipts already visible, comprising ~\$10m recurring and ~\$4.5m contracted cash receipts from projects / equipment sales as at today.

On 16 March 2021, the Company announced the acquisition of the assets of Capic, a Perth-based supplier of high value-add specialty chemicals to blue chip mining clients, complementing De.mem and providing significant cross-sell potential. The proforma combined historical full year cash receipts of the combined De.mem-Capic businesses is ~\$19m.

### 1Q21 Trading Update

Preliminary trading results for March Quarter 2021 (1Q2021), excluding any Capic cash receipts, are:

- Cash receipts of \$3.4m are ~4% above previous corresponding quarter (1Q2020) of \$3.3m.
- *Preliminary adjusted 1Q2021 cash receipts are ~12% above prior corresponding quarter*, including an additional \$400k single customer cash payment received in early April.

Historically, De.mem’s first quarter typically accounts for only ~15-20% of total annual cash receipts.



### Continued growth in Food, Beverages & Sustainable Agriculture segments

*The Company is pleased to report continued growth in the target high growth Food, Beverages, and Sustainable Agriculture segments.*

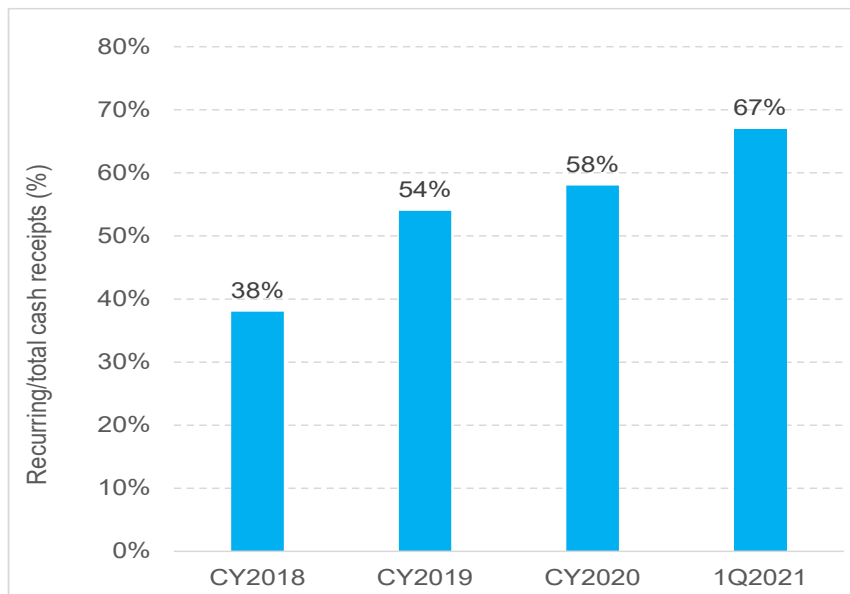
During 1Q21, the Company signed a new \$300k contract for the supply of a cooling tower water filtration system to a large Australian food & beverage corporation. The new contract represents the first award from this customer.

### Continued strong growth in recurring cash receipts

*The Company is pleased to report continued growth in recurring revenues in 1Q2021.*

- Recurring cash receipts (receipts from BOOs/service contracts, sale of consumables, pumps and chemicals) are ~67% of total, up from 58% in CY2020.
- Chart 1 illustrates the trend in growing recurring cash receipts.

**CHART 1: GROWING RECURRING CASH RECEIPTS**



### Continued strong organic growth in De.mem-Geutec and De.mem-Pumptech

*The Company is pleased to report strong 1Q21 performance in its German subsidiary, De.mem-Geutec, and De.mem-Pumptech, Tasmania.*

- Geutec cash receipts of ~\$1.05m are ~90% above 1Q20.
- This strong result is driven by strong demand from existing customers for recurring product lines (chemicals) plus a number of project/equipment sales to new customers.
- This demonstrates the Company's strong leverage to ongoing recovery from Covid-19.



- De.mem’s Tasmanian subsidiary, De.mem-Pumpstech, achieved cash receipts of ~\$0.76m, approx. 10% above 1Q20.

## Outlook

*The Company is pleased to report a strong outlook.*

- **~\$14.5m CY2021 cash receipts for De.mem stand-alone already visible** (excluding any potential additional project awards, organic growth, Capic historical cash receipts and cross-sell potential).
- **1H2021 outlook is for ~18-25% organic growth** vs pcp, with actual cash receipts for 1Q21 plus contracted and recurring cash receipts for 2Q21 of ~\$7.9-8.4m as at April 2021 (excluding any potential additional project awards and impact from Capic acquisition), an increase on \$6.7m in 1H20 (see ASX release, June 2020 Quarterly Report, dated 29 July 2020).
- **2Q2021 outlook is for ~33-47% organic growth** vs pcp, with actual cash receipts for 2Q21 plus contracted and recurring cash receipts for 2Q21 of ~\$4.5-5m as at April 2021 (excluding any potential additional project awards and impact from Capic acquisition), an increase on \$3.4m in 2Q2020 (see ASX release, June 2020 Quarterly Report, dated 29 July 2020).

The Company intends to release its March 2021 Quarterly Activity Report and Appendix 4C Cashflow Report before 30 April 2021.

## CEO Commentary

CEO Andreas Kroell said:

“We are pleased to report continued strong momentum in the first quarter of 2021 with our continued organic growth and expansion in the target high-growth segments of food, beverages and sustainable agriculture sectors.

We look forward to commencing the cross-sell sales process across both the Capic and De.mem businesses. With our world-leading, innovative membrane technology, expanded product range, including Capic’s speciality chemicals, and our proven capability to operate and maintain water treatment plants, De.mem is uniquely positioned to realise our vision of becoming ***the Australian-headquartered “international champion” and market leader providing the complete ‘one-stop shop’ of decentralised industrial water treatment solutions***”.

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



**For further information, please contact:**

**De.mem Limited**

Andreas Kroell

CEO

De.mem Limited

[investor@demem.com.sg](mailto:investor@demem.com.sg)

**Investor Enquires**

George Gabriel, CFA

+61 3 8686 9144

**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 is headquartered in Australia and has international locations in Singapore, Germany and Vietnam. It is commercialising an array of innovative proprietary technologies from its research and development partner, Nanyang Technological University (NTU) in Singapore, a world leader in membrane and water research. Technologies uniquely offered by De.mem include 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 or the concentration of liquids.

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.