

FULL-YEAR RESULTS REFLECT IMPRESSIVE GROWTH AND STRONG OUTLOOK

29 February 2024: Australian-Singaporean water and waste-water treatment company De.mem (ASX:DEM) (“De.mem” or “the Company”) is pleased to release its Consolidated Financial Report for the 12 months ended 31 December 2023 (“CY 2023”).

HIGHLIGHTS

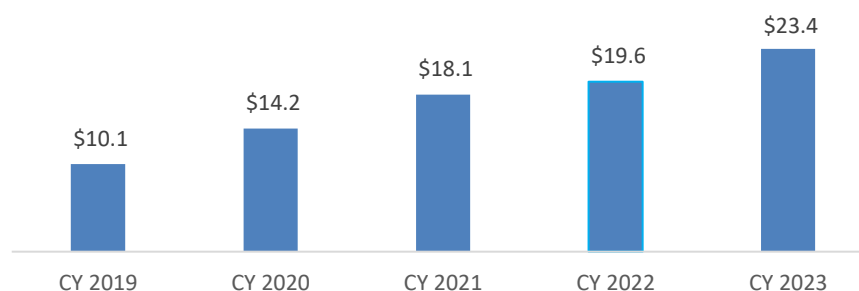
- **19% full-year revenue growth**
- **Record full-year cash receipts**
- **Transition to ~85% recurring revenues underpins strong growth outlook and significant margin expansion**
- **Strong balance sheet, with pro-forma \$4.7m cash and term deposits as at 31 December 2023 (including \$2.2m share placement in February 2024)**
- **Operating near EBITDA positive, with visible path to sustainable positive operating cashflow**
- **Strong operational progress, with delivery on key milestone contracts**
- **Entry into global domestic water solutions market**

Strong revenue growth and record cash receipts

De.mem is pleased to report 19% revenue growth to \$23.4m in CY 2023 (from \$19.6m in CY 2022). Since CY 2019, the Company has delivered annual revenue growth of approx. 22% (CAGR – compounded annual growth rate), with 19 successive quarters of cash receipts growth vs. prior corresponding period (pcp). The Company expects to continue its growth momentum.

De.mem is delighted to report record annual cash receipts of A\$24.8m, and record December quarter 2023 cash receipts of A\$7.1m. The December Quarter 2023 has been the most successful quarter in company history.

CHART 1: ANNUAL REVENUES (A\$M)



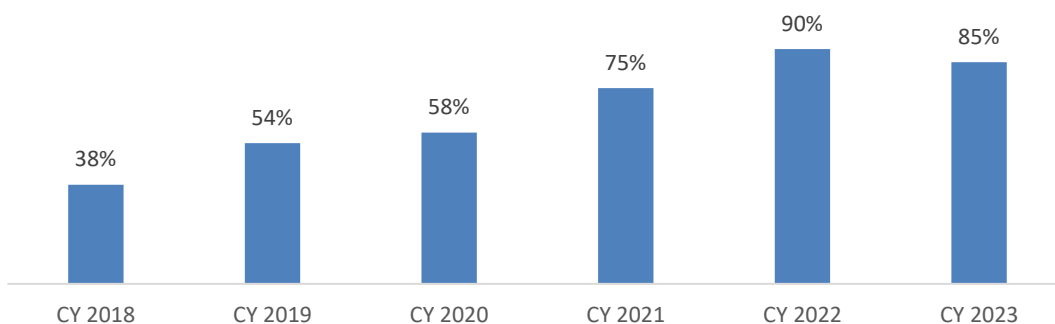
Recurring revenues underpin strong growth outlook

The Company's transition to a largely recurring revenue model is nearly complete, with ~85% (~\$20m) of total revenues being recurring in nature, up from ~38% in CY18. This is a significant milestone, having been identified a key strategic objective from inception.

Recurring revenues segments include:

- Build, Own, Operate ("BOO") and Operations & Maintenance contracts;
- Regular maintenance work on water treatment equipment;
- Membrane replacement sales into existing facilities;
- Specialty chemicals sales through the De.mem-Capic and De.mem-Geutec subsidiaries;
- Sales of pumps and related maintenance services through the De.mem-Pumpteck and De.mem-Stevco subsidiaries; and
- Sales of small equipment and consumables.

CHART 2: STRONG RECURRING REVENUES (% TOTAL REVENUE)

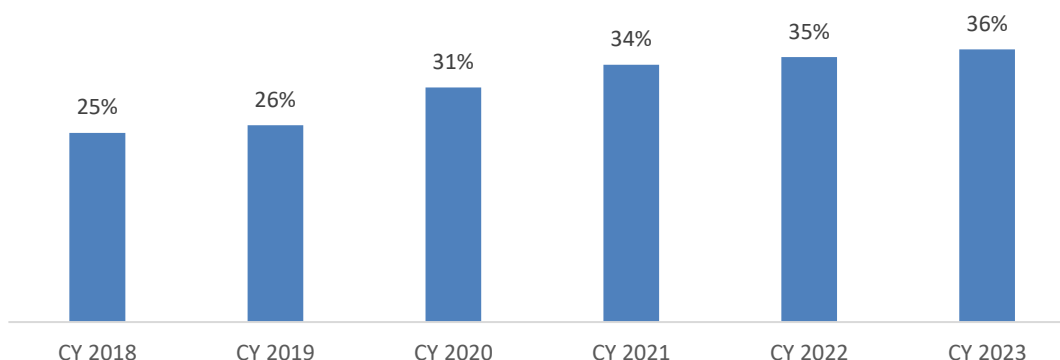


Continued Margin Growth

Gross margins have improved consistently since CY 2018.

Growing recurring revenues have significantly increased gross margins, from 25% (2018) to 35% (2022) and 36% (2023), as the recurring products and services are higher margin than projects based income.

CHART 3: INCREASING GROSS MARGINS

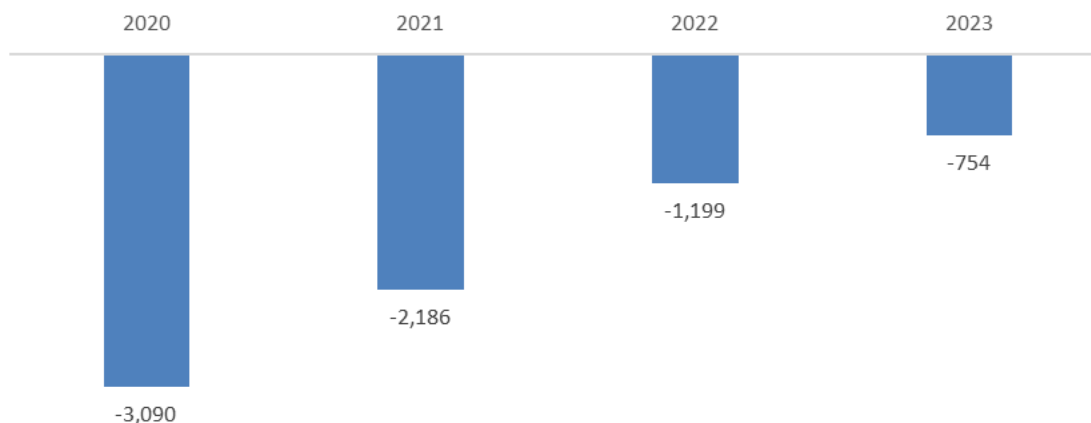


Visible path to sustainable positive operating cashflow

De.mem reduced its adjusted EBITDA loss by ~38%, to -\$0.75m in CY23, from -\$1.2 million in CY22, continuing the improvement trend from -\$2.2m in CY21 (EBITDA is adjusted for one-off items, please see further details in the section “Review of Operations” of the Consolidated Financial Report).

The adjusted EBITDA loss of approx. \$-0.75m in CY 2023 includes ongoing investment into the Singapore operations of the Company, which mainly relate to membrane technology research & development activities. De.mem’s state-of-the-art Singaporean facility contributes to the Company’s competitive advantage of its unique portfolio of innovative water treatment technology and intellectual property suited for a wide range of applications.

CHART 4: ADJUSTED EBITDA LOSS (A\$000s)





Progressing with entry global domestic water filtration market with new Graphene-Oxide enhanced membrane

In 2023, De.mem satisfied key technical milestones to obtain United States National Sanitary Foundation (NSF) certification. The Company expects final NSF certification during 2024. This will permit commercial entry into the USA domestic water treatment market, with applications including potable (ie. domestic) water treatment in the USA and other jurisdictions which require NSF (or similar) approval.

On 7 February 2024, the Company received its first order of \$55,000 for Graphene Oxide enhanced membrane cartridges for non-NSF applications, commencing the commercial launch of the product.

De.mem has given guidance that it expects over \$1m in new revenues over 2 years, following NSF certification, in the domestic water filtration market in North America. There is additional upside from new geographies and new potential products.

De.mem first introduced its new Graphene Oxide enhanced membrane on 7 September 2021 (see ASX release "*De.mem Presents Next Generation Membrane Technology*"). The new technology delivers 20-40% higher water flux (=throughput, or volume of clean water produced) vs. standard polymer ultrafiltration membranes, leading to significant cost reductions for the user.

On 19 July 2022, De.mem announced a partnership with Puraify Clean Technologies, Kingston, Ontario, Canada ("Puraify"), related to the manufacturing, sales & distribution of the new GO membrane technology. Puraify is a division of Grafoid Inc., a graphene research, development and investment company that promotes a range of graphene-based products for applications in key commercial markets. Puraify manufactures and sells a range of products for domestic water filtration as well as portable water treatment systems. Jointly, De.mem and Puraify intend to launch the new membrane as part of a domestic water filtration system into the USA and other markets.

Strong operational progress – delivered on milestone contracts

During the year, the Company delivered on milestone contracts, including the following:

South 32

- \$1.6 million contract award for the supply of a membrane-based water treatment plant.
- System delivered on-site prior to year-end 2023, with commissioning / handover scheduled for H1 2024.
- As of 31 December 2023, approx. 800k in final payments under the contract are still outstanding and expected to be received shortly after the commissioning in H1 2024.
- Significant cross-sell opportunity sell operations & maintenance services, chemicals, consumables and other water treatment products.
- For further details, please see ASX announcement dated 17 October 2022.

Givaudan (Singapore)

- Givaudan is the world wide market leader in flavours & fragrances.
- \$2.1 million Build, Own, Operate contract to supply and operate a membrane based waste water treatment plant for industrial waste water treatment.
- Commissioned during 2023, generating revenue, minimum 6-year term.
- De.mem is purifying industrial waste water from one of the client's Singapore facilities to regulatory discharge standards.
- See ASX announcement 29 August 2022.

Selwyn Snow Resort (Australia)

- \$1 million Build, Own, Operate contract to supply and monitor a membrane based waste water treatment plant to treat and re-use waste water generated by the resort.
- Commissioned during 2023 and generating revenue since then.
- See ASX announcement dated 8 December 2021.
- Contract has a minimum term of five years.

Strong Outlook for CY 2024 with Further Growth Expected

De.mem starts CY 2024 with a strong recurring revenue base (approx. \$20m in recurring revenues recorded in CY 2023).

Outstanding cash payments of approx. \$900,000 from projects including the South 32 contract (see above) plus contracted orders for projects and water treatment equipment of approx. \$1m at the beginning of the new calendar year 2024 add to the above.

Key operational objectives and milestones for CY 2024 include:

- The continued expansion of the Company's high margin specialty chemicals sales.
- Additional orders for De.mem's Graphene Oxide enhanced membrane technology, following the first sale reported in February 2024 (see ASX announcement dated 7 February 2024 for further details).
- Completing NSF product certification (see section above) for the Graphene Oxide membrane.
- Following the successful completion of the NSF certification process, the wider commercial launch of this unique membrane technology into the North American and other international markets, for domestic water treatment applications.
- Signing new service contracts as well as maintaining the existing ones.
- Signing of new BOO contracts, with potential inclusion of debt finance to increase equity returns, as the company moves into sustainable positive operating cashflow.
- Strategic growth through M&A on an opportunistic basis.



CEO Commentary

De.mem Chief Executive Officer Andreas Kroell said:

"I am delighted to report strong growth of De.mem in CY 2023. With 19% revenue growth on a year-on-year comparison, we are growing much faster than industry average.

Our strategy is to focus on our high margin recurring revenue segments – in particular, our specialty chemicals and service businesses, which contributed 85% of overall revenues in CY 2023.

This resulted in further improvement of our profitability, with gross margins further increasing to 36%, up from 35% in CY 2023.

We continue to operate near EBITDA break even, with the adjusted EBITDA loss reduced to approx. -0.75m in CY 2023.

We have built a high-quality revenue / business model and a comprehensive offering of products & services which is unique within the water treatment industry, based on long-term, stable industrial customer relationships and key accounts. This positions us well for further growth. We look forward to delivering for our customers and shareholders in CY 2024."

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, Germany and Vietnam. 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.