



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

De.mem meets CY 2020 cash receipts guidance

22 December 2020: Australian-Singaporean water and waste-water treatment company De.mem (ASX:DEM) (“De.mem” or “the Company”) is pleased to announce that it has met Calendar Year (“CY”) 2020 cash receipts guidance and substantially achieved its 2020 strategic priorities.

Achieving CY2020 Guidance

De.mem is pleased to announce that it has achieved its CY2020 guidance.

The Company has received at least A\$15 million in cash receipts (unaudited) as at 10 December 2020, with a number of additional customer cash receipts expected prior to 31 December 2020.

De.mem recently upgraded its CY 2020 cash receipts guidance to A\$15-18m (see *September 2020 Quarterly Activities Report*, dated 29 October 2020).

Achieving 2020 Strategic Priorities

De.mem is pleased to advise that it has substantially progressed its 2020 strategic priorities.

In January 2020, De.mem outlined three main priorities for FY20 (see December 2019 *Quarterly Activities Report*, dated 30 January 2020):

1. Improving revenue quality
2. Revenue growth
3. Achieving sustainable operating cash flow positive

Improving Revenue Quality

Revenue quality has substantially improved in CY20, with significant recurring revenue growth and overall revenue growth.

Cash receipts from recurring revenue segments have increased from 38% of total cash receipts in FY18 to ~66% of total cash receipts during the 9 months ended 30 September 2020.

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TABLE 1: GROWING RECURRING CASH RECEIPTS (%)

% total cash receipts	% FY18A	% FY19A	Mar Qtr 2020	June Qtr 2020	Sept Qtr 2020
Recurring	38%	54%	67%	67%	66%
Projects	62%	46%	33%	33%	34%
Total Revenue	100%	100%	100%	100%	100%

Revenue diversification has substantially improved - by geography, customer industry, product and service.

- Geographic revenue diversification is substantially improved. In CY18, approx. 90% of revenues were generated in Queensland. During CY20, De.mem built a substantial revenue stream out of Tasmania and South East Australia.
- Customer industry diversification is substantially improved. De.mem has diversified into the food & beverage segment, both through project awards and orders from new customers as well as the successful integration of De.mem-Pumptech, Launceston (formerly: Pumptech Tasmania), which has a strong customer base among the food & beverage industry.
- Product range diversification continues, with the introduction of a specialty chemicals product range closely related to De.mem's membrane technology portfolio, through the integration of De.mem-Geutec GmbH, Essen, Germany (formerly: Geutec Industrie- und Abwassertechnik GmbH).

Cash Receipts Growth

The Company continued its strong revenue growth momentum in CY20, with almost ~40% cash receipts growth since CY18 and at least 28% growth in CY19.

De.mem will report at least A\$15m in CY20 cash receipts (with further cash receipts expected in the period from from 10 December to 31 December 2020), which is:

- A minimum of 28.2% growth over CY19 cash receipts of A\$11.7m, and
- A minimum of 38.9% growth over CY18 cash receipts of A\$10.8 million.

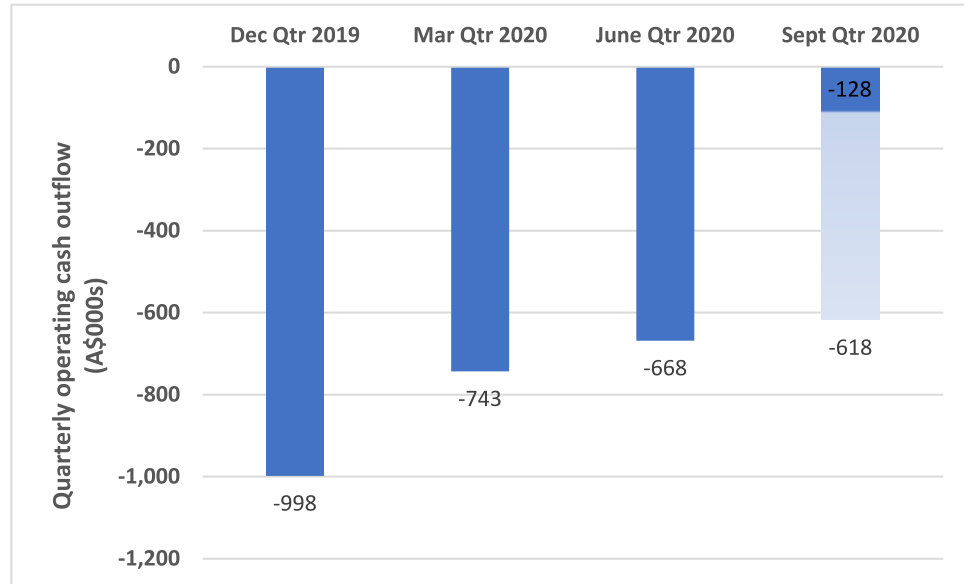
Visible Path to Sustainable Operating Cashflow positive

The Company reiterates that it sees a visible path to sustainable operating cash positive. Whilst quarterly results vary depending on the timing of cash receipts and expenses incurred in relation to specific projects, as overall revenues grow, the Company expects sustainable positive operational cashflows.



The Company continues to reduce its operating cash outflow, with the Adjusted September Quarter 2020 operating cash outflow of -\$128k (See Chart 1 below and refer to *September 2020 Quarterly Activities Report*, dated and announced 29 October 2020).

CHART 1: QUARTERLY OPERATING CASHFLOW



Outlook

The Company is pleased to advise that it expects its strong operating momentum to continue into CY21, with a strong order book and pipeline across Australia.

Accordingly, in early 2021, De.mem intends to provide upgraded CY21 cash receipts guidance.

Also, the Company will release its December 2020 Quarterly Activities Report in January 2021, which De.mem expects will confirm continued progress in the 2020 Strategic Priorities outlined above.

CEO Commentary

CEO Andreas Kroell said, *“We are pleased to confirm that we have achieved CY2020 cash receipts guidance and that we have substantially progressed our strategic priorities for CY2020.*

During the year, we secured several milestone projects, which is a great achievement during the COVID19 pandemic.

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Coming into 2021, we have strong operating momentum. Our strong 2H20 performance allows us to carry over a substantial contracted order book of at least A\$3 million in cash receipts from the sale of water treatment equipment into CY 2021. Furthermore, we commence 2021 with a strong recurring revenue base. Combined, this provides a solid base for continued revenue growth in CY 2021 and gives confidence for our upgraded CY2021 cash receipts guidance.”

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

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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 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

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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