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De.mem Limited (ASX:DEM)

Investor Presentation
10 March 2021



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LARGE ADDRESSABLE MARKET: DECENTRALISED WATER TREATMENT

De.mem provides a “one-stop shop” of decentralized water treatment solutions to a blue-chip, international customer base, based on proprietary and patented technology, with recurring cross-sell of high-margin consumables such as chemicals, pumps and filters.

The Company is rapidly growing across Australia, with significant global potential.

**US\$21bn
Global**

- **US\$21.bn global market** for packaged/decentralised water treatment systems, **growing at 10.4% p.a.** since 2015 (1).
- Global growth is driven by water pollution, water scarcity, and increased environmental regulation.
- Decentralised (ie. smaller, modular or “packaged” plants) are a cost-efficient and easy to deploy solution.
- Large centralised plants are often inefficient, require heavy budgets or require lengthy deployment.

(1) Source: Markets & Markets, BCC Research

**A\$300m
Australia**

- **~A\$300m Australian market** for packaged/decentralised water treatment systems (1).
- **Highly fragmented** - smaller operators with limited offering not able to service institutional customers.
- **Cross-selling opportunities** include:
 - >\$1 billion p.a. annual pumping equipment market (2)
 - ~\$1 billion p.a. water treatment chemicals market (3)

(1) Source: Company estimates

(2) Australian Pump Industry Association

(3) Australian Water Treatment Chemicals Market Report

“One-stop shop” of decentralized water treatment solutions to a blue-chip, international customer base. Record CY2020 results, driven by world class membrane technologies.

RECORD RESULTS

- **Inaugural cash positive** \$544k December Quarter 2020.
- Record \$16.5m CY20 cash receipts; record 31% margins; record 58% recurring cash receipts; record acquisition performance

RECORD OUTLOOK

- **Significant CY2021 growth** expected
- **Visible ~\$14m CY2021 cash receipts** comprising \$10m recurring and \$4m contracts as at March 2021
- **Strong pipeline leveraged to Covid-19 recovery** as project deferrals go live.

BLUE-CHIP CUSTOMERS

- Mining/resources - Rio Tinto, Monadelphous, Bechtel, Civeo, Ausco
- Infrastructure/municipal - St Hilliers, Mulpha, Acciona, JRK Group, Taswater
- Industrial - FMC Technip, Tanaka, FCI Amphenol
- Power/electricity generation - AGL Energy
- Food & beverages/agriculture – Givaudan, Coca Cola, Kronos

“ONE-STOP SHOP” OF PRODUCTS & SERVICES

- **Projects revenue** includes de-centralized water treatment equipment sales for enterprise level customers.
- **Recurring revenues** comprise **consumables sales** (chemicals, membranes, filters, pumps) and **services** (Build, Own, Operate (BOO) and Operations & Maintenance (O&M)).

De.mem: Australian company with global reach

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PATENTED & PROPRIETARY TECH – world-leading membrane technology is the cornerstone offering

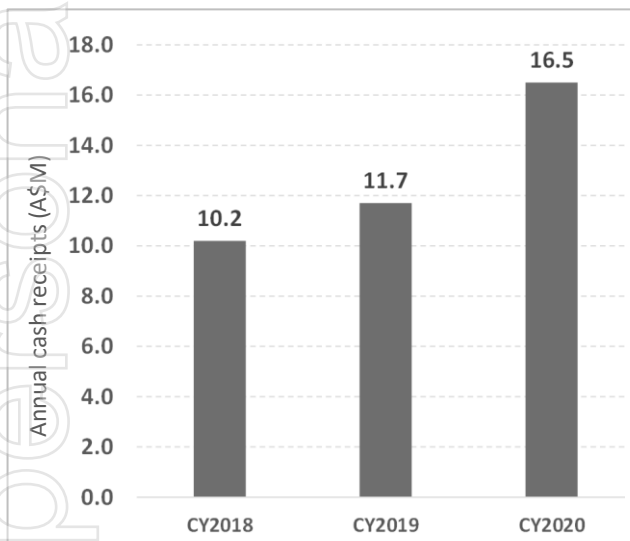
RECORD RESULTS – CY2020: A RECORD BREAKING-YEAR

CY2020: Record full-year cash receipts, record cash positive, record recurring receipts, record margins

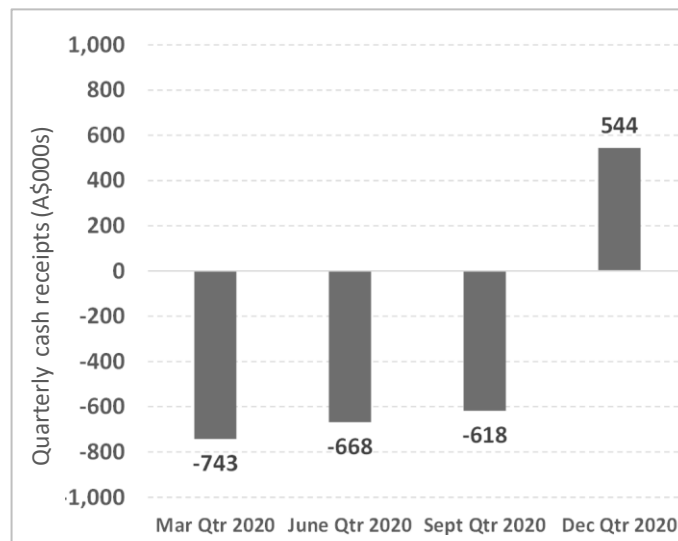
CY2021: Record outlook

- **Record CY2020 cash receipts** - \$16.5m, up 41%
- **Record cash flow - inaugural cash positive** +\$544k, December Quarter 2020
- **Record 58% recurring cash receipts** - up from 38% in CY18 and 54% in CY19, comprising **consumables sales** (chemicals, membranes, filters, pumps) and **services** (Build, Own, Operate; and Operations & Maintenance).
- **Record 31% margins** - from 25% in CY18 and 26% CY19, driven by high margin consumables and services.
- **Record acquisition performance** - Pumptech up +67% to CY20 \$4m cash receipts; Geutech up +18% to \$2.6m
- **Record CY2021 outlook** – Significant CY2021 growth expected, with ~\$14m CY2021 cash receipts already visible as at March 2021
- **Strong balance sheet** - \$5.4m cash and term deposits as at 31 Dec 2020.

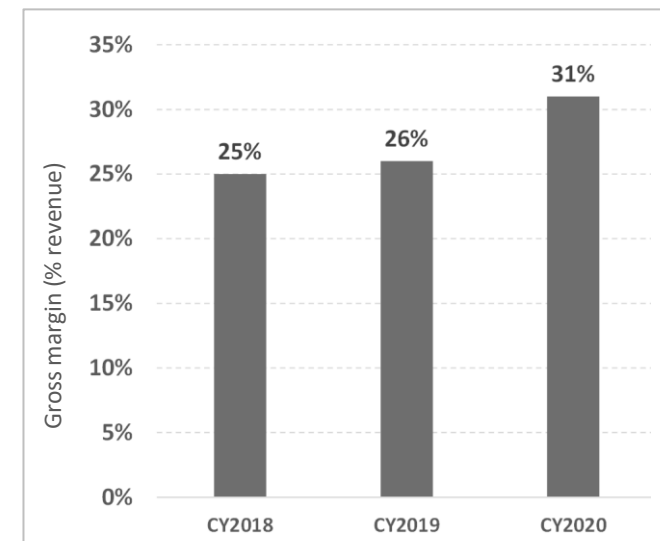
GROWING CASH RECEIPTS



INAUGURAL CASH POSITIVE



GROWING MARGINS



COMPLETE “ONE STOP SHOP” OFFERING

Competitive advantage of complete “one-stop-shop” offering combined with patented & proprietary technology

PROJECT REVENUE

- **Equipment sales** - modular water treatment systems for on-site delivery with highest quality standards (ISO 9001:2015)



IMAGE 1: Membranes



IMAGE 2: Membrane modules

RECURRING REVENUE

- **Equipment leasing**
- **Services** – Operations & Maintenance utilizing internal **specialist water engineering skills**
- **Consumables sales** - membranes, filters, pumps, water treatment chemicals such as flocculants, coagulants, membrane cleaners, anti-scalants (recurring revenues)
- **Consumer products** include domestic water filtration systems and anti-COVID-19 sanitisers



IMAGE 3: Modular treatment systems

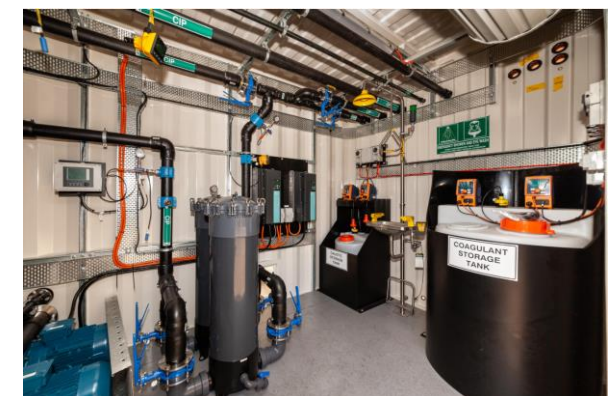


IMAGE 4: Chemical dosing system

GROWING BLUE CHIP CUSTOMER BASE

Diversified across high growth sectors with blue-chip customers including Mining; Food, Beverages & Agriculture and Energy
 Clients include AGL Energy, Monadelphous, Coca-Cola, Inghams, St Hilliers, Rio Tinto

Mining & Resources

- Potable/sewage treatment for mining camps
- Waste water
- Supply of water for mine operations




Real Estate & Infrastructure

- Potable
- Municipal sewage



Food, Beverages, Sustainable Agriculture

- Key 2020 growth sector
- Waste water
- Process water
- Recycling

Energy /Power Heavy Industrials

- Industrial waste water
- Process water
- Recycling

GROWING RECURRING CASH RECEIPTS

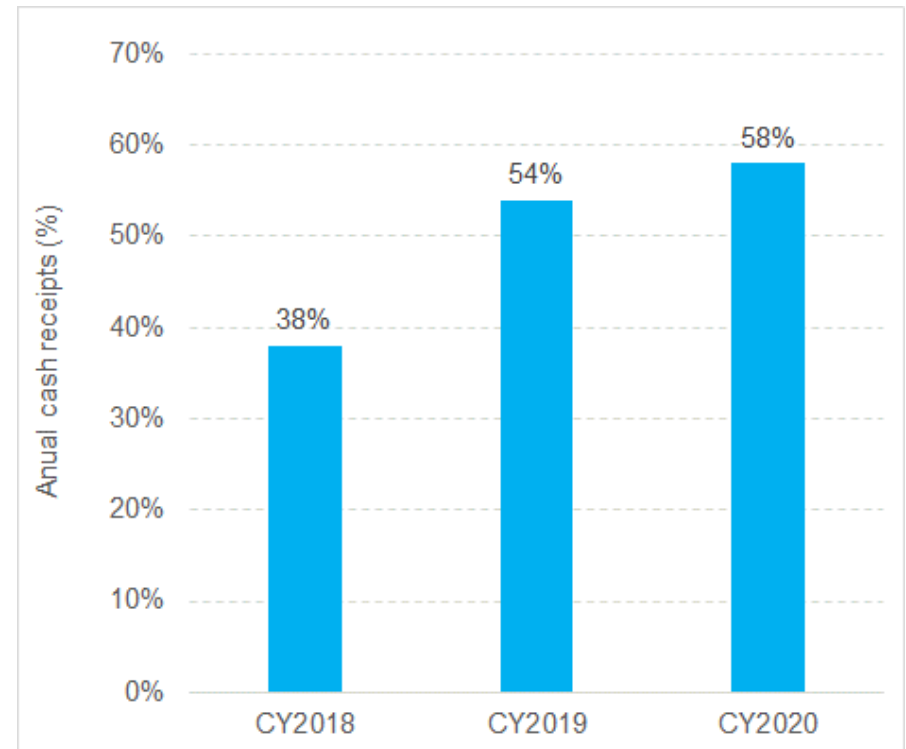
Growing recurring cash receipts driven by high value-add technology, services and consumables sales

- **Recurring cash receipts** increased from 38% (CY18) to 58% (CY20) of total cash receipts
- **A\$10m of recurring cash receipts expected in CY2021**
- **CY2021 visibility is underpinned by recurring revenues**, with A\$14m visible (\$10m recurring and \$4m contracts), implying ~85% of total CY2020 cash receipts is already achieved as of today

RECURRING CASH RECEIPTS (A\$M)



RECURRING CASH RECEIPTS (% TOTAL)



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RECURRING CASH RECEIPTS - OVERVIEW

Recurring cash receipts have increased from 38% in CY18 to 58% in CY20
Comprising Build-Own-Operate (BOO), Operations & Maintenance (O&M) and Consumables

PROJECT RECEIPTS



Equipment sales

- Sale of water and waste water treatment systems
- Providing a turn key solution to the customer
- Typically projects-based, with strong and stable repeat customer base

~42% of total (2020)

RECURRING RECEIPTS



Build-Own-Operate (BOO)

- De.mem owns the equipment and rents out the equipment
- Long term contract with the customer
- Stable recurring revenue stream
- High margin

~20% of total



Operations & Maintenance (O&M)

- De.mem operates & maintains water treatment equipment owned by the client
- Long-term or revolving contract
- Stable recurring revenue stream

RECURRING



Consumables Sales

- Includes the sale of
 - Chemicals
 - Filters
 - Membrane modules
 - Pumps
 - Other spare parts
- Recurring revenue stream

~38% of total

Record CY2021 outlook, with significant growth expected

RECORD OUTLOOK

- **Significant CY2021 growth expected**
- **~\$14m CY2021 cash receipts already visible** comprising \$10m recurring and \$4m contracts (as at March 2021)
- **Strong pipeline** leveraged to Covid-19 recovery as project deferrals go live.

NEW TECHNOLOGY

- **Expanding competitive advantages** of existing patented & proprietary tech portfolio
- **Developing new tech**

GEOGRAPHIC EXPANSION

- **Australian geographic diversification**, in particular Western Australia
- Currently the majority of revenue generation is from Tasmania and Queensland



VISION: To be the Australian “international champion” providing the complete “one-stop shop” of decentralized industrial water treatment solutions.

De.mem proprietary product portfolio includes breakthrough membrane innovations

COMPLETED (2018 and 2019)

Nanofiltration membrane

- Superior filtration performance due to minimum pore size at low pressure / energy consumption
- In-house developed and fully owned by De.mem

Ultrafiltration membrane

- Large applicable market, i.e. pre-filtration for Reverse Osmosis and potable water treatment
- In-house developed and fully owned by De.mem

Forward Osmosis membrane

- De-watering of industrial waste water and liquid concentration in F&B (via Aromatec Pte Ltd)
- Developed at and licensed from Singapore's Nanyang Technical University, world #3 in membrane research

Microfiltration membrane

- Large applicable market, including process water applications in F&B; in-house development

Domestic “point of use” filter system

PLANNED (2020 FF)

Membrane Bioreactor (MBR)

- Treatment of high organic load waste-water

New membrane technologies

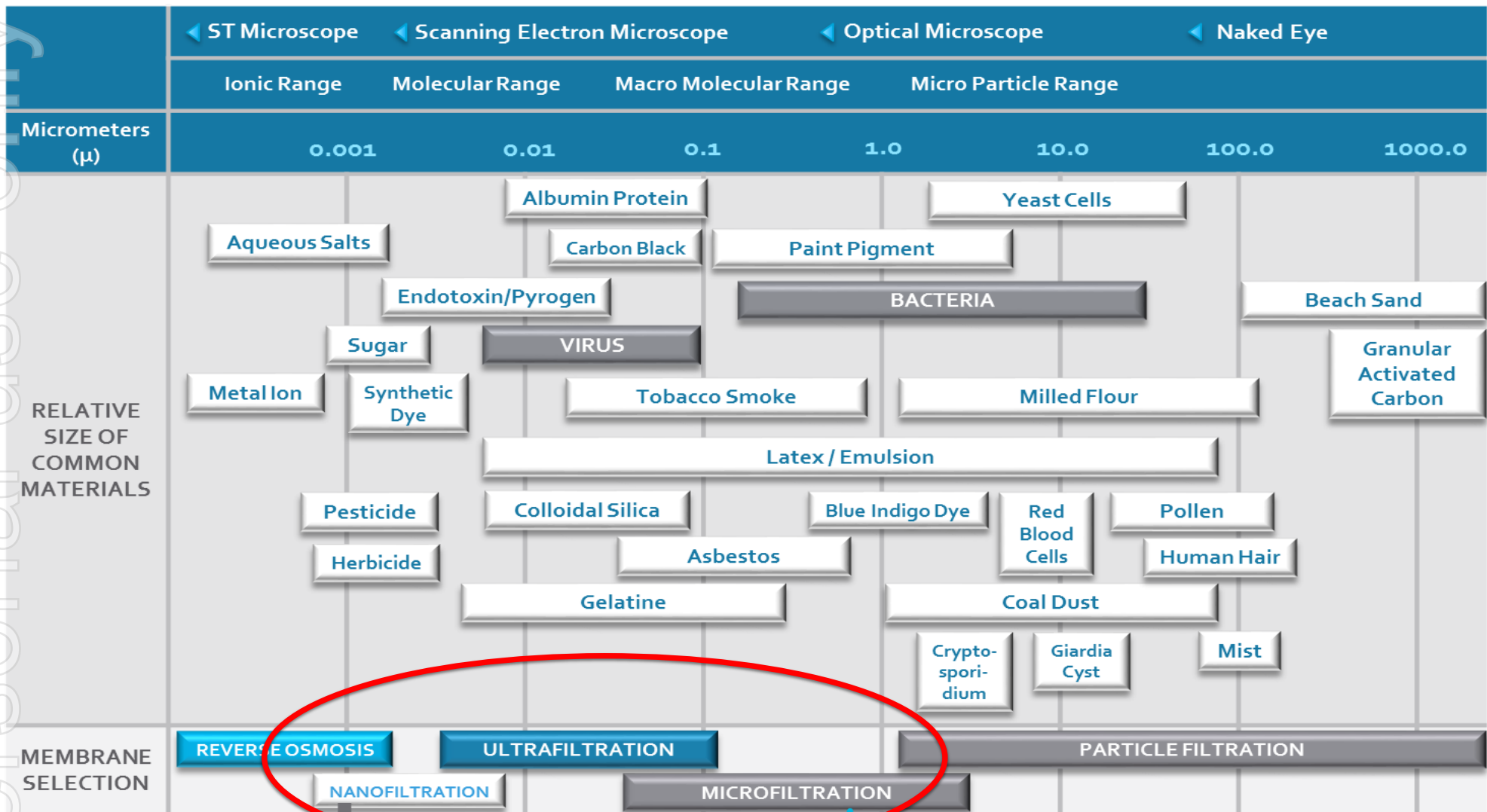
- Using new materials



IMAGE: Water treatment membranes

TECHNOLOGY PORTFOLIO ACROSS THE FILTRATION SPECTRUM

De.mem's proprietary product portfolio addresses high value add applications



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KEY INVESTMENT CONSIDERATIONS

Record results, with strong growth momentum and record outlook Strong acquisition value-add track record

Record results

- **Inaugural cash positive** (Dec quarter 2020) +\$544k.
- **Record cash receipts** of \$16.5m in CY2020, up +41% vs CY2019
- **Record and growing 31% margins**, vs 26% CY2019
- **Record and growing 58% recurring cash receipts**, vs 54% CY2019
- **Record acquisition performance**, with Pumptech up +67% and Geutech up +18% vs CY2019



Blue chip customer base

- Blue chip customers present cross-sell/up-sell opportunities including opportunity to support customers across multiple sites

Strong growth momentum

- **Strong +41% cash receipts growth CY2020 vs CY2019**
- **Strong margin growth** 31% vs 26%
- **Strong recurring revenue growth** (up +41%).
- **High growth markets** global decentralised water treatment system market growing at ~10.4% p.a.
- **Strong pipeline leveraged to Covid-19 recovery** as project deferrals go live.



Competitive advantages

- Complete one-stop shop offering
- Proprietary and patented intellectual property, developed by DEM and Nanyang Technological University (NTU), #2 worldwide membrane researcher
- Institutional sales, leasing and servicing capability in a fragmented, “mum and dad” operator market

Record outlook

- **Significant CY2021 growth** expected, with **visible ~\$14m CY2021 cash receipts** comprising \$10m recurring and \$4m contracts as at March 2021
- Market cap supported by replacement value of ~A\$35m plus tech value (\$5m cash and ~\$30m historical expenses)



Acquisition value-add

Track record of adding value to strategic acquisitions in a fragmented market:

- **Pumptech total cash receipts up +67%** in CY2020 to ~\$4.0m, vs ~\$2.4m in CY2019.
- **Geutech total cash receipts up +18%** in CY2020 ~\$2.6m, vs \$2.2m in CY 2019.

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Since August 2020, DEM has consistently outperformed the ASX Small Industrials index

MARKET DATA

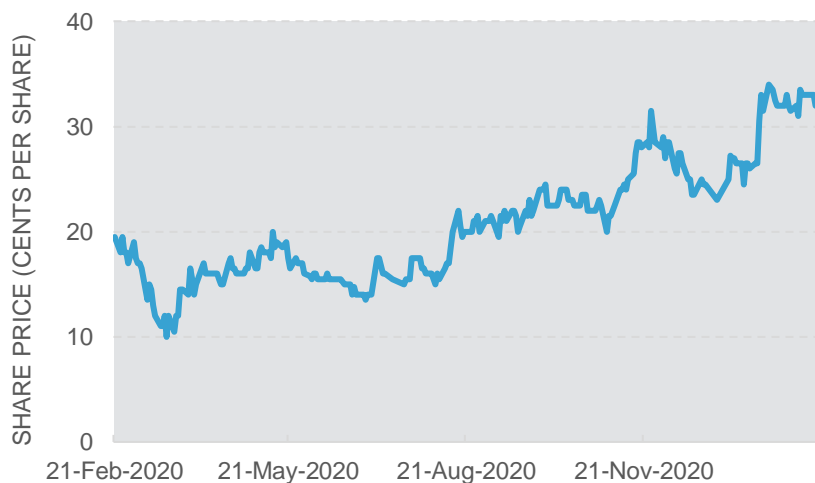
ASX code	DEM
Ordinary shares	175.6m
Market capitalisation	\$50.0m
Cash on hand (31.12.20)	\$5.4m
Listed on ASX	7 April 2017
Issue price	\$0.20
Last price (05.03.21)	\$0.285
52 week high	\$0.34
52 week low	\$0.10
Average daily volume	~226,917
GICS classification	Utilities

MAJOR SHAREHOLDERS

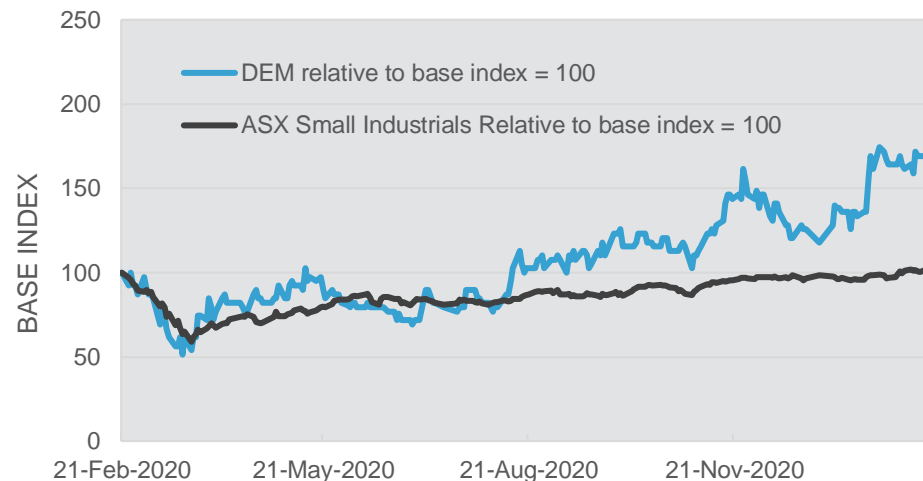
NA Singapore Early Stage Venture Fund	24.4%
Perennial Value Management Ltd	14.2%
New Asia Investments Pte Ltd	6.8%
Kroell (Andreas)	1.8%

SHARE PRICE PERFORMANCE

DEM Stock Price



DEM Relative to ASX Small Industrials



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