

Trading Update

Highlights:

- On track for +32-47% growth in June Quarter 2021 vs. June Quarter 2020.
- On track for +19-27% growth in 1st half 2021 vs 1st half 2020.
- Recently acquired Capic business exceeding historical run-rate through April 2021.
- Significant CY2021 growth expected.

3 June 2021: Water and wastewater treatment company **De.mem Limited (ASX:DEM)** (“De.mem” or “the Company”) is pleased to provide this Trading Update. The Company is pleased to report strong June Quarter 2021 growth, with significant sales momentum and a strong full-year outlook.

Strong June Quarter 2021 growth

On track for +32-47% quarterly growth.

De.mem is on track for approximately \$4.5–5m June Quarter 2021 cash receipts, which is +32-47% growth vs. prior corresponding quarter 2Q20 cash receipts of \$3.4m.

Strong momentum in the first half of 2Q2021 resulted in total group cash receipts of approx. \$2.4m from 1 April 2021 to 15 May 2021 (excluding Capic).

On track for record De.mem stand-alone results

De.mem stand-alone (excluding Capic) is on track for a record first half CY2021 and full-year CY2021.

De.mem stand-alone is on track for first half CY2021 cash receipts of \$8-8.5m, +19-27% growth vs \$6.7m in first half CY2020 (see ASX release, *June 2020 Quarterly Report*, dated 29 July 2020).

Historically, full-year De.mem stand-alone cash receipts are weighted approx. 40% in the first half and 60% in the second half.

Strong Growth Outlook



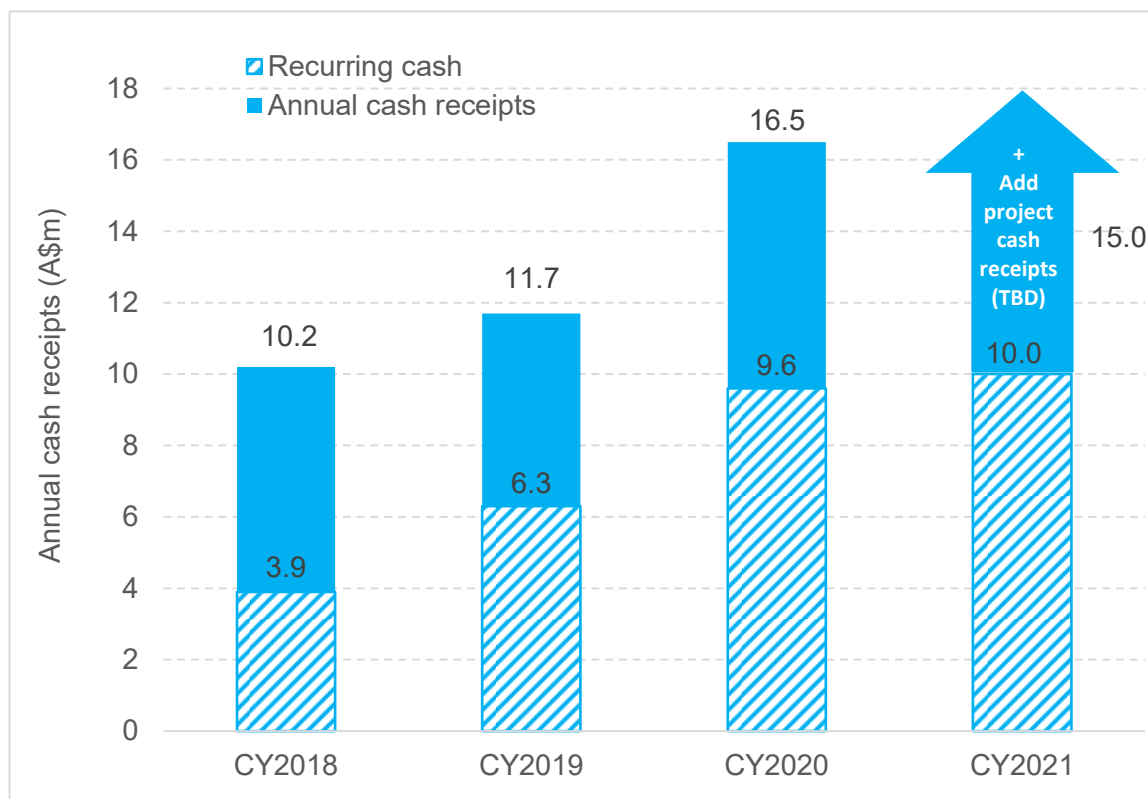
De.mem reiterates that it expects significant growth in CY 2021 across the Group, with De.mem stand-alone on track for record results, strong initial Capic performance and significant De.mem-Capic synergy potential.

De.mem expects significant growth in CY2021 relative to CY2020 full-year cash receipts of \$16.5m.

Chart 1 illustrates that approx. A\$15.0m of De.mem stand-alone CY2021 cash receipts are already visible, compared to CY2020 cash receipts of A\$16.5m. This A\$15.0m excludes any potential additional project awards, organic growth, Capic cash receipts and cross-sell/up-sell potential.

Growth has been driven by recurring revenues (including consumables sales, equipment leasing and services), projects and equipment sales.

CHART 1: CY2021 VISIBLE CASH RECEIPTS TO DATE



De.mem-Capic exceeding expectations

Capic is a Perth-based supplier of high value-add specialty chemicals to blue chip mining clients.

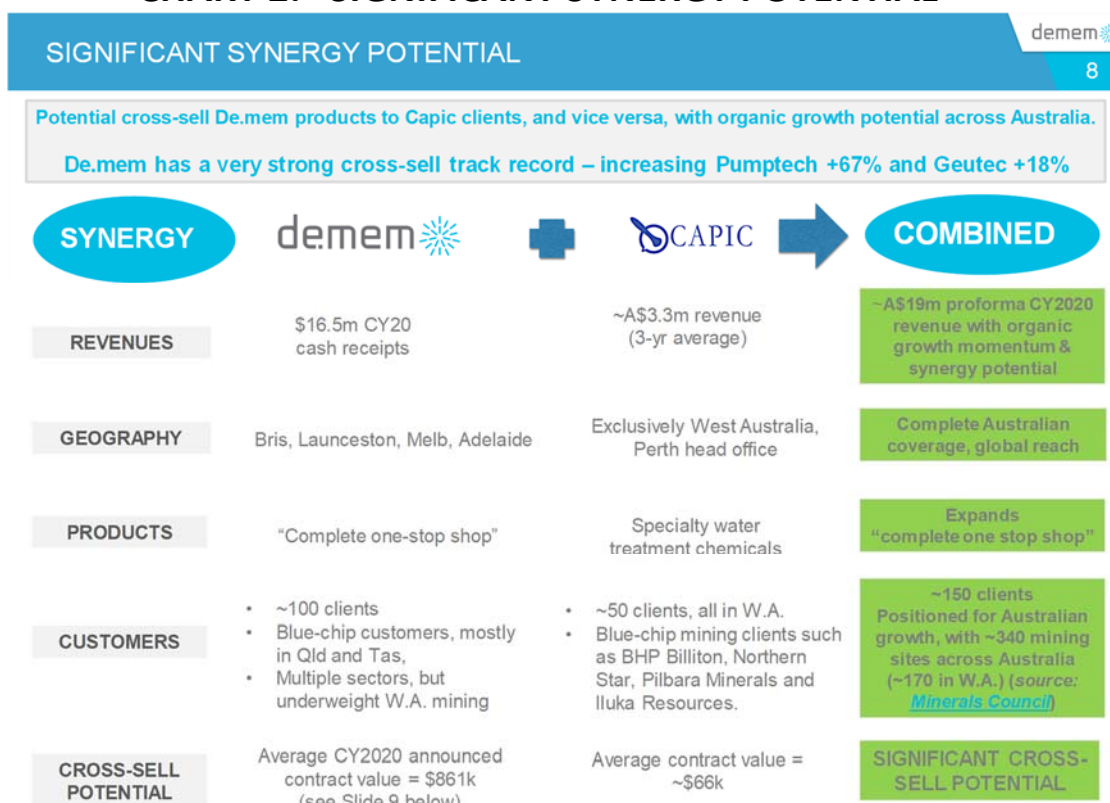
On 1 April 2021, De.mem formally acquired Capic's assets, and continued Capic's business and brand through a new subsidiary called De.mem-Capic Pty Ltd ("De.mem-Capic").



De.mem-Capic generated ~\$300k revenue/customer receivables in April 2021, which compares favourably to Capic's historical 3-year average revenues of ~\$3.3m.

Capic's highly complementary business provides significant synergy potential, as De.mem introduces its complete "one stop shop" offering, including membrane products and water treatment and filtration equipment, to Capic's well-established Western Australia mining & resources customer base, as illustrated in Chart 2.

CHART 2: SIGNIFICANT SYNERGY POTENTIAL



Source: ASX release, "Investor Presentation", dated 16 March 2021, page 8.

CEO Commentary

CEO Andreas Kroell said:

"We are very pleased to report our strong trading momentum for the year to date.

Strong recurring revenues underpin our cash receipts, with upside from organic growth, cross-sell and up-sell, new project awards and De.mem-Capic synergy potential.



The Capic business has been integrated smoothly into the wider De.mem Group, with strong initial sales and a strongly growing sales pipeline.

We look forward to updating the market as we continue to achieve our strategic growth milestones through CY2021.”

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

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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

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.