



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

De.mem achieves first Capic cross-sales

17 June 2021 : Australian-Singaporean water and waste water treatment company De.mem (ASX:DEM) ("De.mem" or "the Company") is pleased to announce that it has achieved the first cross-sales, in both directions, between De.mem and De.mem-Capic. These first cross-sales confirm the cross-selling strategic rationale of De.mem's acquisition of Capic on 1 April 2021.

Water treatment equipment cross-sales

First sale of De.mem water treatment equipment to West Australian De.mem-Capic clients

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"). See ASX releases "*De.mem announces strategic acquisition into Western Australia*" and "*Investor Presentation*", dated 16 March 2021.

De.mem-Capic has received its first order, from an existing De.mem-Capic mining & resources customer in Western Australia, for De.mem water treatment equipment, supplied by De.mem's water treatment equipment division in Brisbane. The equipment will be used to upgrade an existing waste water treatment process.

Chemical supplies cross-sales

First sale of Capic chemicals to De.mem-Capic's Western Australian clients

De.mem has commenced introduction of Capic's chemicals, manufactured in Perth, to De.mem's customer base on the Australian East Coast. The Company is pleased to report that Capic's high value-add, speciality chemicals have been well received by De.mem's customer base.

The first order is for chemicals related to the supply of Reverse Osmosis membrane antiscalants manufactured by Capic. The Capic chemicals replace antiscalants traditionally sourced by De.mem from an external supplier.

The chemicals will be used in a membrane-based water treatment plant in Queensland, which is serviced by De.mem under a long-term contract.

De.mem expects that the initial order will be followed by a regular supply of Capic's chemicals into this facility.



First revenues confirm substantial synergy potential

Initial orders confirm substantial cross-selling synergy potential

Whilst the initial orders of ~\$10k are not material relative to overall De-mem Group cash receipts, the first cross-sales are significant because they are indicative of:

- **Substantial cross-selling opportunities** between the different De.mem and Capic entities and product lines.
- **Proven acquisition value-add track record.** For example, De.mem has grown its De.mem-Pumptech and De-mem-Geutec businesses by between 60-90% since acquisition. See “*March 2021 Quarterly Activities Report*”, refer “*Continued strong organic growth in subsidiaries*”, dated 29 April 2021.
- **Exceeding expectations.** 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, to Capic’s well-established Western Australia mining & resources customer base, as illustrated in Chart 1.

The Company’s one-stop-shop range of products and services includes membrane-based water treatment equipment, pumps & hydraulics, consumables and water treatment services such as the operations & maintenance of water treatment facilities.

CHART 1: SIGNIFICANT SYNERGY POTENTIAL



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



CEO Commentary

CEO Andreas Kroell said,

“Early demand from Capic customers supports our strategic rationale for the Capic acquisition. The Capic business has been integrated smoothly into the wider De.mem Group, with strong initial sales and a strongly growing sales pipeline.

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.

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 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.