

Key milestones underpin HY2018 revenue growth

Highlights:

- Revenue of ~\$6 million for six months ending 30 June 2018 – supports forecast revenue of \$10m-\$12m in CY2018
- Gross profit of ~\$1.46 million – approximately 24% of revenues
- Revenue growth attributed to sizeable contract wins, including a \$1.7m project secured for the delivery of a water treatment system to a site in Cultana, South Australia
- Loss before income tax decreased to ~\$770,000 for the 6 month period, significantly reduced from \$1.5m during corresponding period HY2017
- Akwa-Worx subsidiaries achieved positive profit before income tax of ~\$374,000 during HY2018
- Contract pipeline continues to strengthen – additional agreements expected to materialise in coming months

29 August 2018: Water and waste water treatment company De.mem Limited (ASX: DEM) (“De.mem” or the “Company”) is pleased to provide its financial report for the six month period ending 30 June 2018.

During the period, De.mem reported significant growth in revenues to \$5,959,762, an increase of over \$5.8 million on the corresponding period ending 30 June 2017 (HY2017: \$139,607).

During the 1st half, the Company also recorded a gross profit of \$1,460,993, a \$1,448,239 increase on HY2017 (\$12,754) and equivalent to approximately 24% gross margin based on revenues.

The substantial growth in revenue is attributed to multiple contract wins secured by the Company, including the largest single project secured by De.mem since inception, a contract with St Hilliers Property Pty Ltd, which was valued at \$1.7m, secured in April 2018 for the delivery of a water treatment system to a site in Cultana, South Australia.

Furthermore, growth was underpinned by a strong pipeline of orders resulting in a revised revenue forecast for CY2018 of \$10m-\$12m.

De.mem also reduced its net loss before income tax from \$1.5 million in HY2017 to \$770,072 during the six month period ended 30 June 2018. The lower loss is attributed to ongoing management of overhead costs, revenue growth and increase in gross margin. A positive profit before income tax of ~\$374,000 was recorded by the Australian Akwa-Worx subsidiaries during the period, which also contributed to the positive development.

The Company also achieved a number of key operational milestones during the period.

In February 2018, De.mem received validation of its proprietary, low-pressure hollow fibre nanofiltration (NF) membrane, announcing a commercial scale-project with contracts utilising the new technology signed and announced in April.

In addition to this, De.mem further expanded its proprietary product range during the period, following the introduction of a new ultrafiltration (UF) membrane. The UF membrane is effectively a variation of De.mem’s NF membrane with a somewhat larger pore size. The new UF membrane allows the

Company to offer proprietary products for additional applications, as UF is a frequently used technology in potable, sewage and waste water treatment projects.

Finally, the Company increased its scope by entering the lucrative food and beverage market through a 32% strategic stake in Aromatec Pte Ltd ("Aromatec") (refer ASX release: 8 May 2018). The investment represents an expansion of the business scope and provides the Company with exposure to a market valued at up to US\$5.8 billion annually.

Management commentary:

De.mem Limited CEO Andreas Kroell said: "De.mem has continued its rapid momentum throughout the year from both an operational and financial standpoint and based on a growing sales pipeline, remains well positioned to capitalise on additional growth during the second half of 2018 and beyond.

"The approximately \$6 million generated in revenue during the period is very encouraging, particularly because it includes substantial organic growth, based on the Company's attractive product range, technological advantage, strong brand and a robust water treatment market. The pleasing top line growth is also coupled with a significant reduction of loss before income tax to approximately \$770,000 during the period, leading De.mem incredibly well positioned.

"Success has been underpinned by a number of key operational and strategic milestones, such as the entry into the lucrative food and beverage market, where the strategic stake in Aromatec not only strengthens our asset base but is also generating additional revenue streams in a market valued at up to US\$5.8 billion a year.

"Since inception and a successful IPO in April 2017, the Company has effectively established our brand, products and technologies in the market, and demonstrates a clear pathway to financial break even. We remain committed to conducting business in a sustainable manner and unlocking value for shareholders.

"A healthy cash balance of \$2.1 million provides De.mem with exceptional optionality to advance our growth prospects and continue to build on what has been a very strong year to date performance.

"We look forward to updating shareholders around a number of pending developments in the coming months."

-ENDS-

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About De.mem Limited

De.mem Limited (ASX:DEM) is a Singaporean-Australian decentralised water and waste-water treatment business that designs, builds, owns and operates water and waste water treatment systems for its clients. De.mem operates in the industrial segment providing systems and solutions to customers from the mining, electronics, chemicals, oil & gas and the food & beverage industries and in the municipal and residential segments. De.mem has licensed proprietary technologies from its partner in research & development, Singapore's Nanyang Technological University (NTU), including an exclusive worldwide license for a revolutionary low-pressure hollow fibre nanofiltration membrane. Through its wholly owned subsidiary Akwa-Worx Pty Ltd, De.mem has a strong presence in Australia. Akwa-Worx has a market reputation for building high quality Australian designed and manufactured products and has long-term customers in the Australian mining industry. 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.