

Sales Strategy Update

11 April 2022

Sydney, Australia

CleanSpace Holdings Limited (ASX: CSX; CleanSpace) is an Australian company that designs, manufactures, and sells advanced respiratory protection technology for healthcare and industrial markets.

Key Points:

- Further encouraging improvement in market conditions and sales activity in European industrial markets and by distributors.
- The Company recognises the large potential of North America for both healthcare and industrial sectors and sees an important window of opportunity for broad adoption of its advanced technology.
- Additional investment in the USA brings in experience to secure deeper key customer engagement, corporate partnerships and government contracts that are anticipated to deliver sustained material growth in this market.
- The Company has implemented initiatives to improve its operating efficiency and align resource allocation to strategic growth areas, such as the USA. The Company continues to refine its initiatives to support sales growth and a profitable operating model.

Market Conditions

The Company has been reflecting on the market conditions globally, with a focus on people and the best sales and marketing strategies to respond to this changed and variable environment.

The Company is pleased to see its investment in sales capability in 1H FY22 and the stabilising market conditions are contributing to an increase in sales in European industrial markets along with the continued traction in healthcare markets in Japan and Australia. European Industrial distributor partners are investing to renew stock levels and there is increased customer activity amongst their sales teams with a focus on growth. The Company is yet to see a turnaround in the USA market.

North American Initiative

In North America, the Company is in the process of adjusting its strategy with the appointment of Senior VP Sales, Ms Amiee Smith (formerly Medtronic and Agiliti) earlier this year. The highly credentialed Ms Smith is leading this process to bring on additional experience to secure deeper key customer engagement, corporate partnerships and government contracts; and ensure regional sales and services coverage in healthcare and industrial sectors.

The Company recognises the large potential of North America for both healthcare and industrial sectors. CleanSpace's technology is deployed in several hundred hospitals including key reference clients, is registered with major GPOs and is established with national industrial distributor partners with the capability for growth in key industrial verticals. Changes to Federal government guidelines, the crisis in healthcare staff retention and ongoing cost pressures support adoption of high-level protection. The

business sees an important window of opportunity for its advanced technology in North America. The market for Respiratory Protective Equipment is estimated to grow to US\$9.1B by 2024 and North America represents 30% of the world market (Frost & Sullivan, 2020).

“North America represents the largest PPE market in the world. CleanSpace has had an accelerated market entry into healthcare due to the pandemic and has large industrial distribution partners. After a volatile 12 months, the investment in the USA team comes at a critical time when the markets are wide open for advanced technology solutions. Using our proven success in key reference sites, this investment in the USA to access networks and experience, aims to lock in government, GPO and IDN partnerships to deliver significant sales growth,” says Dr Alex Birrell, CEO of CleanSpace.

Focus on profitability and cost structure

The Company has adjusted its cost structure to ensure key markets are on track to achieve profitability as soon as possible. As reported in the Interim Results, the business has implemented initiatives to improve operating efficiency and align resource allocation to strategic areas of growth, such as the USA. Overall headcount has been materially reduced (-18%) and reductions in marketing, R&D and administration spend have been made, to enable the USA investment. The quality and experience of the USA team is anticipated to deliver growth and positive cash flow in this region by the end of FY23, subject to market conditions.

The PPE operating environment is seeing a normalising of purchasing patterns and positive signals of a return to more robust business activity levels. The Company continues to closely monitor the sales environments and adjust its strategies to take advantage of the opportunities as it sees them. The business is expanding its capability in direct channels and has recently launched ecommerce in North America and Australia; and is on track to commercialise its customer data offering in FY23.

Following the turbulence of FY21 and YTD FY22, a stabilisation of industrial markets and anticipated traction in North America, the Company is expecting to return to growth experienced in pre-pandemic periods. The Company continues to refine its initiatives to support the growth and a profitable operating model.

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Authorised for release by the CleanSpace Holdings Limited Board of Directors

FOR MORE INFORMATION

Paul Tierney on 0415 900 891 or paul.tierney@cleanspacetechnology.com

ABOUT [CLEANSPACE TECHNOLOGY](#)

CleanSpace is a Sydney-based designer and manufacturer of respiratory protection equipment for healthcare and industrial applications, founded by a team of biomedical engineers with experience in respiratory medicine devices. CleanSpace is passionate about continually improving health outcomes, workplace safety and standards of care. In the last 20 years, technology has driven unprecedented advances in medical equipment and transformed people’s health. We have brought this to personal

respiratory protection. The Company continues to invest in research and development programs resulting in differentiated design and approved products that provide compelling employer and user benefits, namely, higher protection with improved compliance and productivity. CleanSpace Respirators are a true game changer, changing the way people on the front lines think about respiratory protection.