

# ANNUAL GENERAL MEETING PRESENTATION

CLEANSPACE HOLDINGS LIMITED (ASX:CSX)



CleanSpace designs and manufactures innovative respiratory protection solutions for healthcare & industrial employers globally

We understand the importance of best-in-class personal protective equipment that not only performs, but allows the wearer to work comfortably and interact naturally in their work environment. Our products are designed for maximum compliance and comfort in the industrial and healthcare setting.

NOVEMBER 2022

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## AUTHORISATION

This presentation has been authorised for lodgement to the ASX by the CleanSpace Board of Directors.

## FY22 FINANCIAL SUMMARY

### REVENUE

**\$13.4M**

▼ FY2021 \$49.9m

### GROSS MARGIN

**73%**

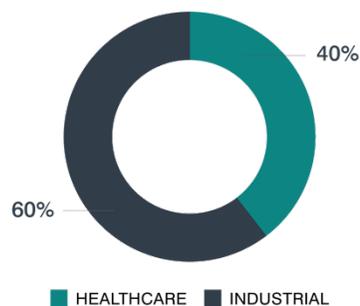
▼ FY2021 77%

### CASH AT BANK

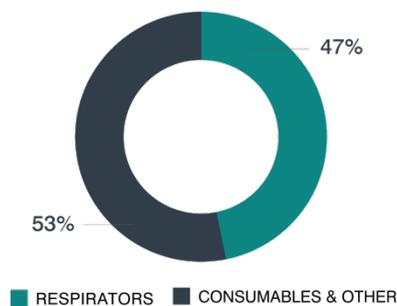
**\$24.3M**

AS AT 30 JUNE 2022

REVENUE BY SECTOR FY22



REVENUE BY PRODUCT FY22



- FY22 revenue (\$13.4m) was significantly down (PCP FY21 \$49.9m) recognising major pandemic fuelled sales made in FY21 and market turbulence.
- Maintained robust high gross margin of 73%. Slightly down (PCP FY21 77%) due to shift to industrial sales (via distribution channels) and higher freight costs over the year.
- Product and sector sales splits reflects stronger industrial markets and corresponding decline in healthcare activity as providers tackled staff shortages and disposable stockpiles.
- FY22 operating expenses \$23.9m, 12% up from FY21, driven by investment in US sales capability and timing of impact from cost efficiencies.

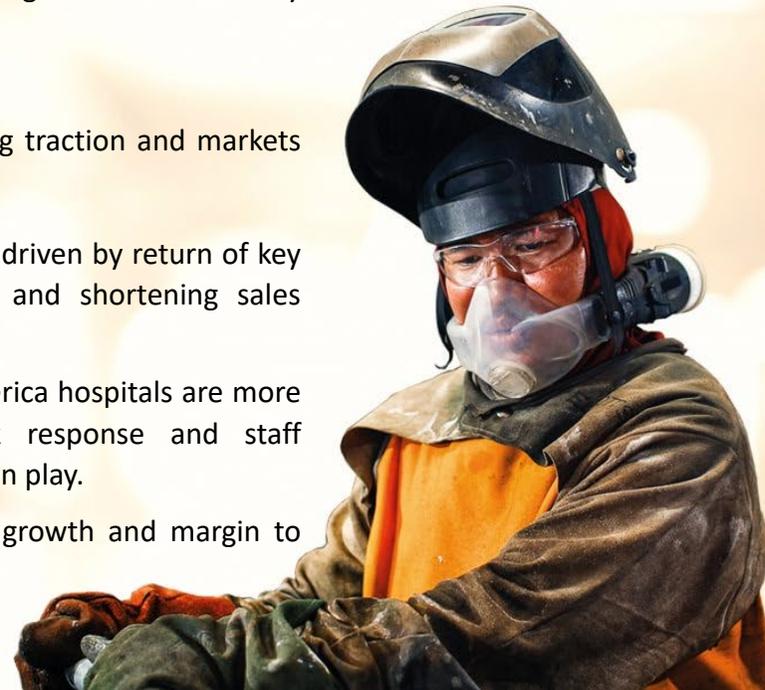
### NEW INITIATIVES

- **North America.** Investment in a new skilled sales force in Q3. Team building strong pipeline and progressing strategic partnering.
- **Asia.** Sector-focused sales teams are improving momentum in the industrial and healthcare businesses.
- **Distribution.** Relationships reviewed with steps taken to enhance sales performance and take advantage of improving market conditions.
- **Cost base.** Implemented initiatives that significantly reduce spend to mitigate the US investment and enhance efficiency.

## OPERATIONAL OVERVIEW

Improving industrial market conditions. Healthcare sales, with longer lead times and stockpiles still in place, remain low.

- **Q1 FY23 revenue.** Marginally up on prior quarter.
  - North America revenue up on prior quarter
  - Europe revenue down on prior quarter reflecting the lower activity through their summer period
  - Asia revenue up on prior quarter
- **Sales pipelines.** The business's new initiatives are gaining traction and markets show a consistent return to normalised purchasing.
  - Industry - strongest positive indicators for growth driven by return of key account roll-outs, increased distributor activity and shortening sales cycles.
  - Healthcare - reshaping post pandemic. North America hospitals are more advanced in rebuilding to improve outbreak response and staff safety. Australia in recovery mode. Stockpiles still in play.
- **Distribution.** Renewed sales rep activity as they chase growth and margin to recover business performance.

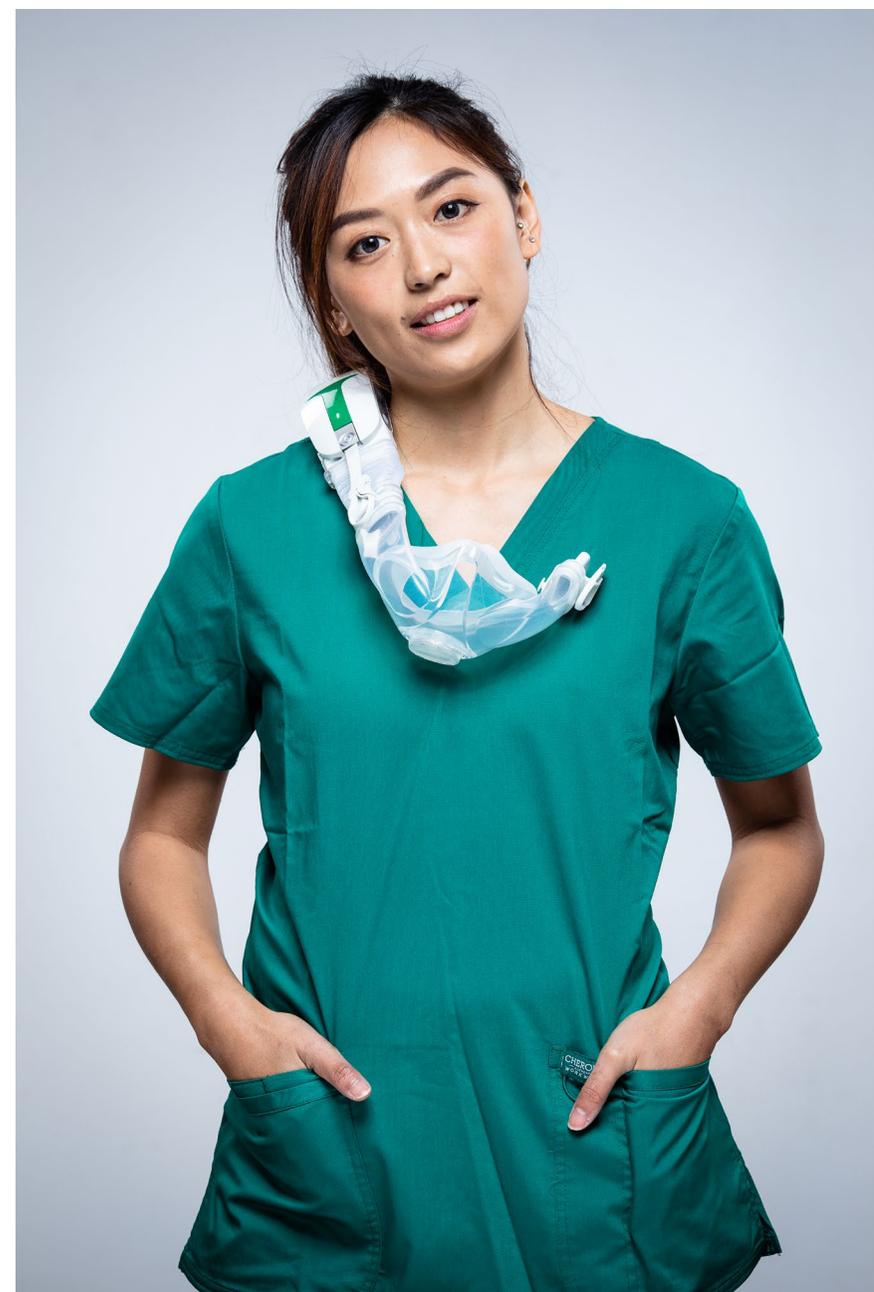


## NORTH AMERICA

Revenue up on prior quarter. Building significant pipeline and identified opportunities circa \$10m.

### PROGRESS IN STRATEGIC AREAS

- **Industry.** Penetration in mining as MSHA exemptions are passed and CleanSpace is chosen as the preferred solution over incumbents by large miners. Emerging national roll out opportunities in manufacturing and construction sectors.
- **Healthcare.** Several reference hospital groups moving to upgrade their respiratory programs, initiated by existing networks from the new team. US hospitals, already familiar with PAPRs in acute care, view CleanSpace as the new generation and best-in-class system.
- **Partnerships.** Advanced collaborations with Group Purchasing Organisations (GPOs) and national medical distributors will accelerate sales in the healthcare market.
- **Government.** Completed Government supplier registrations and several submissions for projects with defence medical and special operations forces.



## EUROPE

Industrial activity continues to lift with larger corporate opportunities returning to the sales pipeline.

- Historically a strong industrial growth business, Europe is seeing the return of customer investment as supply and services to customers' operations normalise and PPE stocks fall away.
  - Corporate customers restarted roll-out and standardising to upgrade respiratory programs across their operations.
  - Activity has lifted in key sectors: construction, metal, chemical, pharmaceutical and waste/water management.
  - Improving predictability on the sales process; with shorter sales cycles.
- Distribution partnerships are benefiting from joint sales plans which provide targeted market coverage and a focus on larger business. Distributor sales teams are back in the field, chasing higher margin sales to recover financial performance.
- New product (Ax filter) is enabling penetration into chemical and pharma sectors. CleanSpace EX PAPR/Ax is a unique solution. Leading chemical companies now advanced in trials to expand their PAPR programs with CleanSpace.



Re-emergence of corporate customers undertaking roll-outs and standardising the use of CleanSpace in their operations.

Pipeline activity is benefiting from larger order value.

## ASIA

Sector-focused sales model working to drive deeper customer engagement.



- Australian/NZ Industrial revenue growth across core sectors including construction/infrastructure (silica), mining and metal. Uplift in corporate activity supported by improved distributor channels and predictability in sales process.
- Healthcare business in APAC is transitioning from managing through acute outbreaks to 'normalised' use and slower adoption.
- Ongoing staff shortages present challenges to getting on site as well as internal support for adoption and roll-outs in both industrial and healthcare.
- Japan. Launching the servicing model; onboarded new hospitals and CleanSpace recently won the Japanese Design Award - Medical Device innovation.

## ADVANCING LEADERSHIP IN TECHNOLOGY

Development program set to deliver next generation, differentiated customer driven solutions.

- **Cloud solutions platform.** Feedback from early trials with 30+ hospitals in US, Europe and Asia has been incorporated to finalise initial commercial solutions that modernise respiratory programs.
- **Next generation technology.** Accelerated development on new enterprise solutions that are lighter, smaller and smarter than the existing range.
- **Clinical and industrial studies.** Completed studies in conjunction with:
  - i. University of Maryland, USA: Adoption of advanced reusable PAPR in routine clinical use
  - ii. Australian and UK construction and energy customers: Real time measure of protection that confirmed significantly higher (60x N95) and consistent performance against deadly respirable silica.



## RESPONSIBLY FOCUSED ON COSTS AND FINANCIAL PERFORMANCE

Costs significantly down on prior quarter with ongoing initiatives to support lean operations.

- Implemented price increases in line with other PPE manufacturers.
- Initiatives undertaken, including reduced headcount, to achieve a significantly lower cost base.
- Increased variable components of the cost base in relation to the employee benefits/selling costs to give the business improved operating leverage.
- Lower running costs are anticipated to continue as the business implements additional operating efficiencies.
- The Company's balance sheet remains strong.
- The Board remains confident that the current sales strategy and cost initiatives will support the business growth and profitability in the medium term.



## VIDEOS FROM NORTH AMERICA AND EUROPE

**Amiee Smith**  
Senior Vice President, North America

**Jean-Baptiste Bourdeau**  
Sales Director, Europe





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