CleanSpace®
RESPIRATORS

HALF YEAR FY23 RESULTS 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 industrial and healthcare settings.

FEBRUARY 2023

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AUTHORISATION

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

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OVERVIEW

FINANCIAL RESULTS

- Revenue $5.7m (down 19% on PCP)
- Operating expenses $10.3m (14% lower than PCP)
- Operating EBITDA loss of -$6.3m (5% favourable v PCP)
- Cash in bank $16.4m

KEY HIGHLIGHTS

- Industrial sales +65% v PCP
- Healthcare sales significantly down
- Cost reduction program delivering savings
- New US agreements with 2 GPOs and distribution partners
- New Industrial products launched

LEADERSHIP

- CEO recruitment process underway

FY23 INTERIM RESULTS SUMMARY

INDUSTRIAL REVENUE GROWTH

65 %

UP ON PCP

70%

GROSS MARGIN

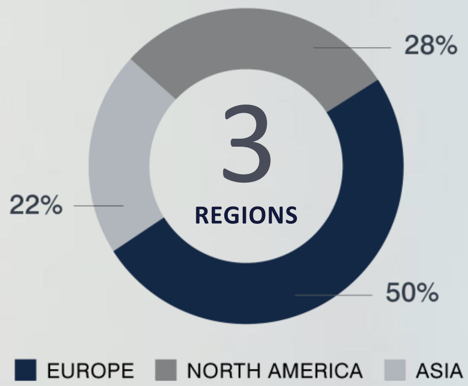
2

NEW INDUSTRIAL MODELS

45%

CONSUMABLE / ACCESSORIES SALES OF TOTAL SALES

REVENUE BY REGION 1H FY23



Sector Sales:

- Industrial 65% growth globally, growth in all regions
- Industrial revenue contributed 90% of total sales
- Healthcare sales were significantly down, reflecting lower demand post pandemic

Regional Sales:

- North America up 18%
- Europe up 60%
- APAC sales down – due to Healthcare
- 4 countries 80% of sales (US, France, UK, Australia)
- Europe 50% of sales

Consumables & Accessories v Units Sales:

- 45% of sales were Consumables & Accessories
- Consistent with pre pandemic trends
- **Gross Margin** at 70% remains high, down v PCP

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OPERATIONAL UPDATE – SALES, PRODUCTS & MARKETS

- Steady recovery of the industrial markets in Europe, North America and Australia
- Purchasing patterns stabilised as customers recovered from supply chain and pandemic disruption
- Healthcare remained challenged as pandemic related dynamics persist

Key initiatives and Trends

- US Healthcare: Signed 2 GPO agreements and 1 distribution agreement
- US Industrial: Signed 1 major Sales Agency agreement; encouraging mining sales
- Europe: Strong recovery in UK, France, Nordics
- APAC: Continued strength in Australia Industrial; Healthcare headwinds receding slowly

New Industrial Product Launch

- Significant technology improvements and Bluetooth connectivity with CleanSpace App
- CleanSpace PLUS reporting & monitoring solutions
- Best in class user experience, unique corporate and compliance solutions

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OPERATIONAL UPDATE – COSTS & CASH

- Cost and Cash Management Initiatives
- Costs 14% lower than PCP despite US headcount investment

Key Initiatives

- Headcount reduction of 20%
- US team change – exit of US Vice President (Jan 23)
- Marketing focus on digital
- Efficiencies in back office and manufacturing costs
- Self funding US commercial investments
- Focus on core markets
- Continued actions on cost base and working capital in H2

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INCOME STATEMENT SUMMARY

(A$m)	1H FY23	1H FY22	*Change vs PCP F / (U) %*	2H FY22	*Change vs prior half F / (U) %*
Revenue	**5.7**	**7.0**	***(19)***	**6.4**	***(9)***
Gross Profit	**4.0**	**5.3**	***(25)***	**4.5**	***(10)***
Employment costs	(6.8)	(6.4)	*(7)*	(7.4)	*8*
Marketing and sales expenses	(1.2)	(2.7)	*54*	(1.4)	*13*
R&D and IP expenses	(0.5)	(0.8)	*39*	(0.7)	*31*
Other operating expenses	(1.8)	(2.2)	*16*	(2.0)	*11*
Total Operating Expenses	**(10.3)**	**(12.0)**	***14***	**(11.5)**	***11***
Operating EBITDA	**(6.3)**	**(6.7)**	***5***	**(7.1)**	***11***
Share based payments	(0.2)	(0.1)	*(54)*	(0.2)	-
EBITDA	**(6.5)**	**(6.8)**	*4*	(7.3)	*10*
Depreciation and amortisation	(0.5)	(0.5)	-	(0.5)	--
EBIT	**(7.1)**	**(7.3)**	***3***	**(7.8)**	***9***
Interest expense (net)	-	(0.1)	*40*	(0.1)	*67*
Income tax benefit	2.4	2.0	*19*	2.0	-
Net (loss) after tax	**(4.7)**	**(5.4)**	*12*	**(5.9)**	*20*
Gross Margin	70%	75%		70%	
EBITDA Margin	-114%	-97%		-116%	
EBIT Margin	-123%	-104%		-124%	

- Overall revenue down on PCP. Increase in Industrial revenue did not offset decline in healthcare sales in H1FY23
- Maintained high gross margin (70%)
- Overall headcount decreased (20%) in 1H FY23. Cost reduction program implemented to fund the investment in North America
- Marketing and sales expenses down (54%) as the Company shifted to digital marketing
- R&D and IP expenses down (39%), reflecting timing of projects
- Other operating expenses down (16%) as back office operating efficiencies were identified
- Income tax benefit includes impact of R&D incentive
- Total operating expenses for second half are expected to be lower than 1H FY23 as the business continues to review its costs to reach an efficient and sustainable cost base run rate

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SUMMARY BALANCE SHEET

Summary Balance Sheet (A$m)	as at 31-Dec-22	as at 30-Jun-22
Cash, cash equivalents and term deposits	16.4	24.3
Trade and other receivables	3.2	2.5
Inventories	3.4	3.7
Income tax receivable	0.8	0.0
Other current assets	0.7	0.7
Property, plant and equipment	1.7	2.0
Right-of-use assets	1.2	1.5
Other non-current assets	5.4	3.7
Total assets	**32.9**	**38.4**
Trade and other payables	1.8	2.5
Borrowings	2.6	2.5
Lease liabilities	1.4	1.6
Income tax liabilities	0.1	0.1
Employee benefits	1.1	1.2
Other liabilities	0.7	0.7
Total liabilities	**7.7**	**8.6**
Net assets	**25.2**	**29.8**

- Strong balance sheet. Net assets of $25.2m and Cash of $16.4m
- Managing cash flow by optimising cost structure to re-deploy funds for investment in sales activity
- Inventory level slightly down on PCP, managing in line with sales volumes and continuing risks of supply chain disruptions
- Increase in deferred tax assets from $3.7m to $5.4m
- Minimal debt
- No intangible assets

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OUTLOOK

CleanSpace is committed to technology leadership to drive sales growth and financial performance as it supports 'best in class' premium respiratory protection for workers in high-risk settings

CleanSpace has:

- Best in class premium respiratory products
- High margins
- A strong balance sheet

Growth drivers:

- New Bluetooth connected products launched
- Agreements in US healthcare and industrial markets
- Continued stabilisation in Europe and Australia industrial markets
- Receding pandemic overhang in APAC healthcare markets

Costs and Cash management:

- Continued focus on cost reduction, ~15% in H2
- Careful management of cash whilst investing for growth

We expect to deliver medium term sales growth and renewed profitability

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