

FULL YEAR FY24 RESULTS PRESENTATION

CLEANSPACE HOLDINGS LIMITED (ASX: CSX)



CleanSpace designs and manufactures innovative respiratory protection solutions for industrial & healthcare workers 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.

AUGUST 2024

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AUTHORISATION

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

FY24 - STRONG MOMENTUM CONTINUES TO BUILD IN H2

DELIVERING AGAINST OUR OBJECTIVES IN FY24

- Substantial progress with Industrial-led growth strategy:
 - Revenue \$15.7M (growth +30% v PCP)
 - Industrial Revenue growth +35% (to \$15.1M from FY22: \$8.0M)
 - Right sizing cost base delivered \$4M savings
- Fully funded with Cash ~\$10M (no capital requirement envisaged)
- Op EBITDA improvement of \$7M (v PCP) to -\$3.5M, H2 -\$1.0M
- Positive Q4 EBITDA and Cash Break-even achieved (ex R&D tax refund)
 - New innovative products drive growth in 6 priority markets
 - Key legacy issues are resolved (Healthcare sales, COVID, high cost base)
- FY25 Objectives: Achieve positive EBITDA / Cashflow, Revenue +30% growth
 - Early FY25 trading momentum continues (July Cashflow positive)

FY24 – DELIVERED ON FY24 OBJECTIVES

FY24 OBJECTIVES

- Potential for 30%+ revenue growth
- Gross Margin favourable v FY23
- Build consumable revenue streams
- Ongoing cost base optimisation
- Cashflow break-even in some months
- H2 Cashflow < -\$1M
- Fund growth and achieve cash break-even with existing capital

FY24 DELIVERY

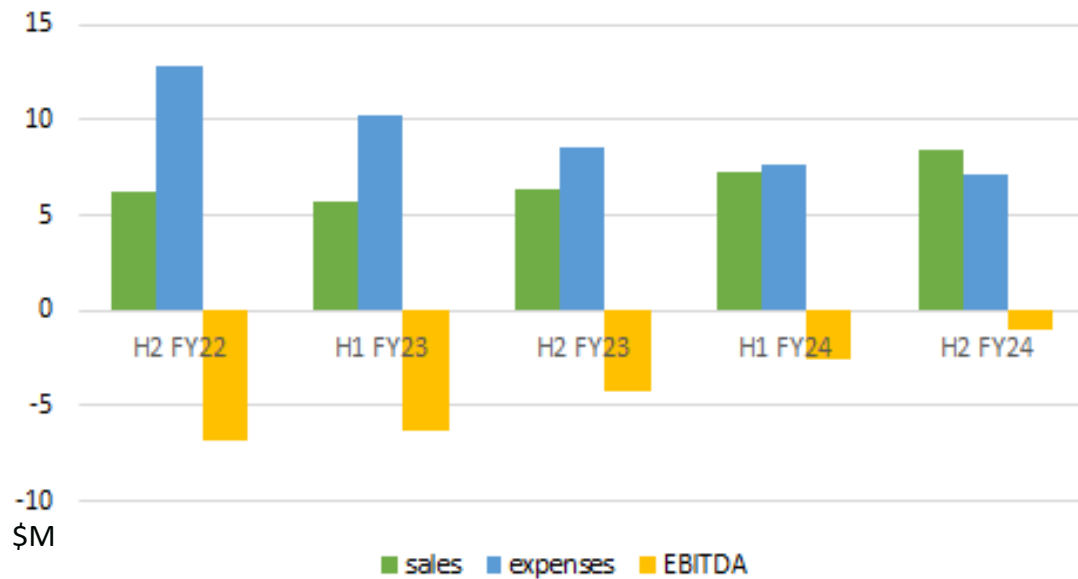
- ✓ 30% revenue growth*
- ✓ GM 72% (v 70% in PCP)
- ✓ Consumable growth of 28%
- ✓ \$4M costs reduction v FY23
- ✓ Q4 cash break even (ex R&D tax refund)
- ✓ Delivered -\$0.3M
- ✓ Sufficient funds to invest for growth: ~\$10M cash at Bank

Shared in FY23 results announcement

*Growth is 37% excluding a one off large stocking order in US in H1 FY23

TRENDS ARE POSITIVE FOR OUTLOOK

KEY TRENDS BY HALF YEAR



POSITIVE KEY METRICS

- Expenses H2FY24 -44% v H2FY22
- Industrial revenue +88% (+\$7M) v FY22
- GM% increased from 70% -> 72% (v FY23)
- EBITDA loss reducing fast
 - Positive EBITDA in Q4
 - Positive EBITDA goal in FY25

Prior year legacy impacts on profitability are now largely eliminated

FY24 RESULTS

INDUSTRIAL REVENUE
GROWTH

35 %

UP ON PCP

72%

GROSS MARGIN

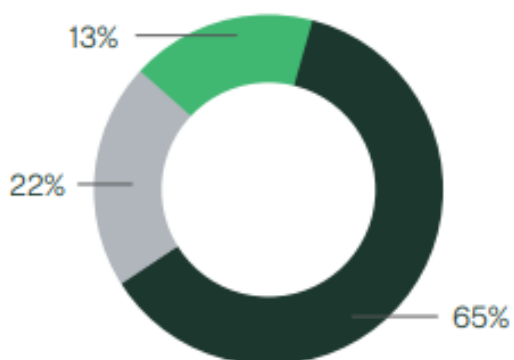
31

COUNTRIES SOLD TO

46%

CONSUMABLES / ACCESSORIES %
OF TOTAL REVENUE

Revenue by Region FY24



EUROPE NORTH AMERICA ASIA PACIFIC

Sector Revenue:

- Industrial 35% growth, highest ever sales
 - FY22 \$8.0M -> FY24 \$15.1M
 - 96% of total revenue
- Healthcare revenue (-15% v PCP) continues to reflect lower demand post pandemic (in US and Asia)

Regional Revenue:

- Europe up 43%
- Asia Pacific up 30%
- North America down 9% (H2: up 60%)
 - 4 priority countries 78% of revenue (France, UK, USA, Australia)

Consumable & Accessories Revenue:

- Growth of 28% v PCP
- 46% of revenue

Gross Margin:

- 72% reflects higher pricing and COGs efficiencies
- 70% PCP

OPERATIONAL UPDATE – COMMERCIAL PROGRESS

- New models CST Ultra and CST Pro led growth in priority markets.
- New industrial product launch 'CS Work' (Europe, Australia) expands portfolio and broadens market appeal.

EUROPE revenue: \$10.1m (+43% v PCP)

- Accelerating growth in UK (+94% growth), DACH (Germany, Austria, Switz) (+69%) and France (+36%)
- Opportunity to expand key distributor partners to pan-Europe basis
- New distribution partners in UK have increased coverage and penetration
- New sales leaders in Germany and UK supports plan for further growth

ASIA PACIFIC revenue: \$3.5m (+30% v PCP)

- Australia revenue +25%, overall industrial growth +40%
- Strengthened and added key distributor partnerships to extend coverage in several countries
- Asia revenue low (Healthcare overhang) but expected to recover in next 12 months, led by key Industrial market launches in FY25

NORTH AMERICA revenue: \$2.1m (-9%v PCP)(H2: +60% v PCP)

- Underlying revenue was +26% v PCP (excluding large one off stocking order in H1 FY23)
- Encouraging Industrial revenue growth offset by continued Healthcare revenue decline
- LineDrive Inc sales & marketing agency contract mutually terminated
- Appointment of new RVP in August 2024 with respiratory protection experience

OPERATIONAL UPDATE – R&D, COSTS, CASH

KEY INITIATIVES

- Focus on 6 priority markets to maximise resource & investment productivity
- Continual R&D and technology innovation with further product launches planned in FY25
- R&D tax refund of \$0.9m expected in FY25
- Back office costs reduced, manufacturing footprint simplified & COGs efficiencies delivered
- Productivity gains will continue, to release cash for investment in growth initiatives
- Net reduction in **Working Capital** v June23 of \$0.7m, despite 30% revenue growth:
 - Trade debtors under control, minimal bad debt
 - Inventory reduction continues
 - Payables well managed
- **Cashflow** improves in H2 due to:
 - Materials inventory reduced by >\$1m in H2 from Dec23.
 - R&D tax rebate of \$0.9m
 - Higher revenue & P&L leverage

STRENGTHENING LEADERSHIP and TRANSITION

LEADERSHIP

- Paul Cassano appointed as Non-Executive Director September 2023
- Bree Greeff promoted to Permanent CFO from March 2024
- Greg Sesny appointed as RVP North America in August 2024
- Intention of CEO Graham McLean to resume a Non-Executive Director role in late 2024
 - Search is underway for a new CEO, with a smooth transition planned
 - Graham will continue to provide deep Company and industry knowledge in a Non-Executive capacity

STRATEGY FOCUS – ACCELERATE SALES GROWTH WHILST CONTAINING COST

STRATEGY RECAP

As the post pandemic environment became clearer, we have reset our strategy.

We will drive sustainable growth with strong foundations and a fitter, leaner organisation by:

1. Focusing on industrial and mining sectors
2. Focusing on priority markets where CleanSpace has a presence and foundations for growth – France, US, Australia, UK, Germany, Nordics
3. Realigning resources to industrial; prioritise only existing/targeted healthcare opportunities
4. Expanding product portfolio to capture additional market sectors and customer needs
5. Building consumable revenue streams with additional innovative services and solutions
6. Tightly manage costs and cash to align with business revenue

Attractive Total Addressable Market of \$3Billion

Growing at 6-8% pa

FY25 – OBJECTIVES

FY25 OBJECTIVES

- 30%+ Revenue growth
- EBITDA/Cashflow break-even or better
- Strong growth in all Priority Markets
- Build consumable revenue streams over the long term
- Self-fund investments to drive growth
- P&L Leverage via tight cost control
- Appoint new CEO to continue the growth momentum



SUMMARY

STRATEGY TO DELIVER @ 30% REVENUE GROWTH SUSTAINABLE MODEL with P&L LEVERAGE

Our Growth Drivers:

- ✓ Innovative new, premium products & launches
- ✓ Focus on Industrial sectors
- ✓ 6 Priority markets
- ✓ Challenger Brand

Costs and Cash management:

- ✓ Careful management of cash whilst investing for growth
- ✓ Cash break-even or better

FY25 trading trends see continued strong momentum:

- ✓ Revenue Objective of 30% growth
- ✓ Positive Cashflow & Profit Objective
- ✓ July result Cashflow positive



Appendix

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REGIONAL and SECTOR SALES ANALYSIS

Revenue AUD	H1 FY23	H2 FY23	H1 FY24	H2 FY24	FY24 v PCP	FY24 H2 v PCP	Industrial FY24 v PCP
Europe	\$2.9m	\$4.2m	\$4.8m	\$5.3m	+43%	+26%	+43%
Asia Pacific	\$1.3m	\$1.4m	\$1.6m	\$1.9m	+30%	+36%	+40%
North America	\$1.6m	\$0.7m	\$0.9m	\$1.2m	-9%*	+60%	+2%
Total	\$5.7m	\$6.4m	\$7.3m	\$8.4m	+30%*	+32%	+35%

* Excluding a one off stocking order in US in H1 FY23, growth is:
North America +26% v PCP, Company +37% v PCP

Consistent growth momentum across all regions

FY24 INCOME STATEMENT SUMMARY

(A\$m)				Change
	H1 FY24	H2 FY24	FY24	vs PCP F / U %
Revenue	7.3	8.4	15.7	30 F
Gross Profit	5.2	6.2	11.4	35 F
Employment costs	(4.7)	(4.4)	(9.1)	26 F
Marketing and selling expenses	(0.9)	(0.7)	(1.6)	31 F
R&D and IP expenses	(0.3)	(0.5)	(0.8)	8 U
Other operating expenses	(1.8)	(1.6)	(3.4)	5 F
Total Operating expenses	(7.7)	(7.2)	(14.9)	21 F
Operating EBITDA	(2.5)	(1.0)	(3.5)	66 F
Share based payments	(0.1)	(0.2)	(0.3)	
EBITDA	(2.6)	(1.2)	(3.8)	65 F
Depreciation and amortisation	(0.5)	(0.5)	(1.0)	10 F
EBIT	(3.1)	(1.7)	(4.8)	60 F
Interest income (net)	0.1	0.1	0.2	
Income tax benefit	0.9	0.6	1.5	
Net (loss) after tax	(2.1)	(1.0)	(3.1)	62 F
Gross Margin	71%	73%	72%	
EBITDA Margin	-36%	-14%	-24%	
Net loss Margin	-29%	-11%	-20%	

- Revenue increase 30% v PCP and 16% v H1
- Increased high gross margin (72%) +2% v PCP
- Operating expenses down 21% on PCP:
 - Employment costs down 26% as headcount reduced further
 - Marketing and selling expenses down 31% better targeted / lower warranty & agents
 - R&D and IP expenses increased due to timing of project spend/launch CS Work
 - All R&D expensed immediately
 - Other operating expenses includes public company, insurance, occupancy and professional services costs
- Depreciation and amortisation down 10% v PCP
- R&D tax incentive of \$0.9m included in income tax benefit

FY24 SUMMARY BALANCE SHEET & CASH FLOWS

Summary Balance Sheet (A\$m)	as at 30 Jun-24	as at 30 Jun-23
Cash, cash equivalents and term deposits	9.8	12.2
Trade and other receivables	3.6	3.4
Inventories	2.9	3.0
Income tax receivable	0.9	1.1
Other current assets	0.4	0.6
Property, plant and equipment	0.9	1.4
Right-of-use assets	0.6	1.0
Deferred tax asset	6.9	6.3
Total assets	26.0	29.0
Trade and other payables	2.0	1.2
Borrowings	2.8	2.8
Lease liabilities	0.7	1.2
Income tax liabilities	0	0.1
Employee benefits	0.8	0.9
Other liabilities	0.6	0.8
Total liabilities	6.9	7.0
Net assets	19.1	22.0

Summary Cash Flows (A\$m)	H1 FY24	H2 FY24	FY24	FY23
Operating cash flows pre-financing and tax	(2.1)	(0.3)	(2.4)	(7.6)
Capital expenditure	-	-	-	-
Free Cash Flow	(2.1)	(0.3)	(2.4)	(7.6)

- Strong balance sheet with cash of \$9.8m at 30 June 2024
- Net reduction in working capital despite 30% sales growth
- Trade receivables growing slower than sales growth
- Minimal bad & doubtful debt
- Inventory reduced by >\$1m in H2 – higher in H1 due to product launch
- Trade and other payables increased due to better payments management
- No intangible assets. No capitalised R&D
- Borrowings relate to NSW Health MDF Fund loan
- R&D tax rebate of \$0.9m in H2 cashflow
- Deferred tax asset will start to reduce when profits are made



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