

CLEANSPACE HOLDINGS UNAUDITED 2H FY2021 RESULTS

CleanSpace Holdings Limited (ASX: CSX; CleanSpace), an Australian company that designs, manufactures, and sells workplace high level respiratory protection equipment for healthcare and industrial markets, today releases the following preliminary unaudited financial results for 2H FY21.

KEY POINTS

- The Company expects to report 2H FY21 revenue of \$10.2m (unaudited) with full year revenue of \$49.9m.
- CleanSpace has maintained its strong gross margin contributing to a full year unaudited GPM of 77%, highlighting the Company's robust business model.
- 2H FY21 EBITDA is expected to be \$(2.1)m to \$(1.9)m and \$17m to \$17.2m for the full year.
- Cash in bank of \$38.2m at 30 June 2021, noting \$5.2m tax payment was made in 2H FY21.
- Business is executing on growth initiatives to accelerate its sales pipelines; advance the technology's position with policy makers and industry groups; and ongoing product development.
- Despite the difficult trading environment (vaccine rollouts, extended lockdowns) impacting purchasing patterns, CleanSpace has continued customer acquisition and market penetration in health and industrial sectors.
- Expected favourable release of new US regulatory standards recommending powered air-purifying respirators (PAPRs) and elastomerics (over disposables) for at-risk frontline workers.
- The Company's lean business model, strong balance sheet and cash position enables it to execute on its strategy to achieve growth. Robust business fundamentals include the differentiated best-in-class technology, international regulatory approvals, established customer base, proven scalable business and large market opportunity.

TRADING UPDATE

Respirator device manufacturer CleanSpace today announces it expects to report 2H FY21 revenue of approximately \$10.2m with full year revenue forecast to be \$49.9m. A summary of the trading results and selected operational metrics for 2H FY2021 and for FY21 are included in the tables below.

Financial Summary

	1H FY2021	2H FY2021 ¹	FY2021 ¹
Revenue	\$39.7m	\$10.2m	\$49.9m
Gross Margin (%)	78%	72%	77%
Operating expenses ⁴	\$12m	\$9.2m- \$9.4m	\$21.2m - \$21.4m
EBITDA ³	\$19.1m	\$(2.1)m to \$(1.9)m	\$17m - \$17.2m
EBITDA ³ %	48%	(21)% to (19)%	34%
Cash in bank	\$46.5m	\$38.2m ²	\$38.2m

1. Preliminary, unaudited results and may vary from final Full Year Results. 2. Tax liability of \$5.2m paid in 2H FY21. 3. Statutory EBITDA. 4. Excluding depreciation, amortisation and interest.

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- Operating environment in 2H has been challenging, with significant impact on purchasing patterns from aggressive US vaccination rollouts programs, oversupply of disposable masks and extended lockdown restrictions.
- CleanSpace has maintained a strong gross margin of 72% for the second half contributing to a full year forecast of 77%. The continued high gross margin is encouraging given the shift in sales mix from higher margin healthcare to industrial sales; and the business's decision to retain experienced trained technicians to have greater flexibility to ramp up production when sales volume return.
- 2H EBITDA is in the range of \$(2.1)m to \$(1.9)m and \$17m to \$17.2m for full year.

Revenue by Segment

	1H FY2021	2H FY2021	FY2021
Healthcare	78%	50%	72%
Industrial	22%	50%	28%

- Notwithstanding the challenges with purchasing patterns seen in 2H FY21, hospital and industrial adoption has continued with unit sales to existing and new customers.
- In 2H, the Company has added the following number of new hospitals: US (50+); Europe (20+) and Asia (200+); and added eight US mining customers in a new sector for the business. CleanSpace notes a return of regulators enforcing business compliance with regards to silica exposure.
- Easing of lockdown restrictions (June/July) and investment in economic recovery are indicators for the markets normalising. Towards the end of this quarter, there has been an uplift in distributor and customer activity reflecting confidence in the market; noting historical sales have been typically impacted by the summer months.

Revenue by Geography

	1H FY2021	2H FY2021	FY2021
North America	50%	27%	45%
Europe	17%	45%	24%
ROW	33%	28%	31%
Total	100%	100%	100%

- The geographical sales figures reflect the reported changes in healthcare purchasing.
- The business is confident that the traction in US healthcare can be replicated in Europe over time and the US has the potential to develop a strong industrial base as seen in Europe.

Installed Base

- Split of respirator (51%) vs accessory (49%) of total sales remains consistent. The business continues customer acquisition with unit sales to both healthcare and industrial markets.
- Disruptions to businesses for our industrial customers and the surplus of disposables have impacted the recurring consumable sales. As industrial businesses recover, normal purchasing patterns are anticipated to resume.

Other

Cash in bank at year end is estimated to be \$38.2m, noting \$5.2m tax payment was made since the previous March update (\$46.5m H1 FY21). The business minimised cash outflows while continuing to invest in the sales capability and its other initiatives.

The Company's new St Leonards facility is operating successfully with no operational disruption or impact from the recent Sydney lockdown.

OSHA'S NEW STANDARD PRESENTS OPPORTUNITY

The Biden Administration's recent move to better protect US healthcare workers from COVID-19 offers potential opportunities for CleanSpace. On 21 June the U.S. Department of Labor's OSHA released an Emergency Temporary Standard (ETS) that recommends healthcare facilities provide at risk frontline workers with PAPRs or elastomeric respirators (rather than disposable masks) for higher protection and to prevent shortages and supply chain disruption.

With a clinically designed best-in-class PAPR, established sales network and a growing list of major US hospital reference sites, the Company is well positioned to benefit from the ETS as US healthcare providers move to be compliant and replace disposable masks with high protection reusable devices.

The new Standard took effect on June 2021 (Final Rule expected July 2021). CleanSpace will provide further information regarding the potential impact of the ETS on the business following Final Rule and adoption.

COMPANY INITIATIVES AND MARKET OUTLOOK

CleanSpace maintains its growth orientation and objective to become the market leader in respiratory protection, key sales initiatives include:

- Expanded sales capability (hiring new staff and adding distribution) and increased marketing spend to accelerate the leads and opportunities pipelines. Pushing into new sectors e.g. pharma and dental;
- Investment to drive awareness and position CleanSpace with government and key stakeholders, including industry groups; and
- Further development in R&D (e.g. CleanSpace Smart) and clinical-field trials that confirm the high performance of this technology.

CleanSpace CEO, Dr Alex Birrell, said: "The operating environment has been challenging through the second half. The business is advancing its programs that support our strategy for growth; and not waiting for conditions to change. The business is committed to accelerated growth for market adoption by expanding our pipeline through aggressive sales and marketing activity, stakeholder engagement and our R&D roadmap. CleanSpace is pleased to see countries with high vaccination rates that underpin the path to economic recovery; with customers and policy makers (as seen by the new OSHA Standard) now far more educated about respiratory protection, our technology is well positioned both in health and industry to meet their needs."

Strong business fundamentals underpin CleanSpace growth: differentiated best in class technology; international regulatory approvals; established customer base; proven scalable business model; and large market opportunity. The business is well capitalised and able to execute on its growth strategy.

Given conditions are expected to remain volatile in the medium term CleanSpace is not providing guidance for FY22. The Company will provide further information when it reports its audited FY21 results in August 2021.

Dr Alex Birrell, CEO, and Ms Elizabeth Harvey, CFO, will host a briefing for investors and analysts at 11am AEST today. Participants can register for the conference by navigating to <https://s1.conf.com/diamondpass/10015013-hf7g43.html>

Authorised for release by the CleanSpace Holdings Limited Board of Directors

FOR MORE INFORMATION

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ABOUT CLEANSPACE

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.