

BELL POTTER HEALTHCARE CONFERENCE

CLEANSACE 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.

9 NOVEMBER 2021

BELL POTTER

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AUTHORISATION

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

CLEANSPACE AT A GLANCE

CLEANSPACE DESIGNS AND MANUFACTURES
INNOVATIVE RESPIRATORY PROTECTION
EQUIPMENT FOR HEALTHCARE & INDUSTRIAL
MARKETS GLOBALLY



Best in class category leader: Superior protection, compliance and cost benefits

- Across Health and Industry markets with accelerated technology adoption from COVID



Export sales to 36 countries

- Europe, North America & Asia: over 150 distributors



Recurring revenue model large enterprise customers

- Consumables, accessories and spares over 45% of revenue in last 5 years



High Gross Margins

- Highly scalable business model



Proprietary patented technology

- 6 patent families and 2 trademarks across multiple jurisdictions

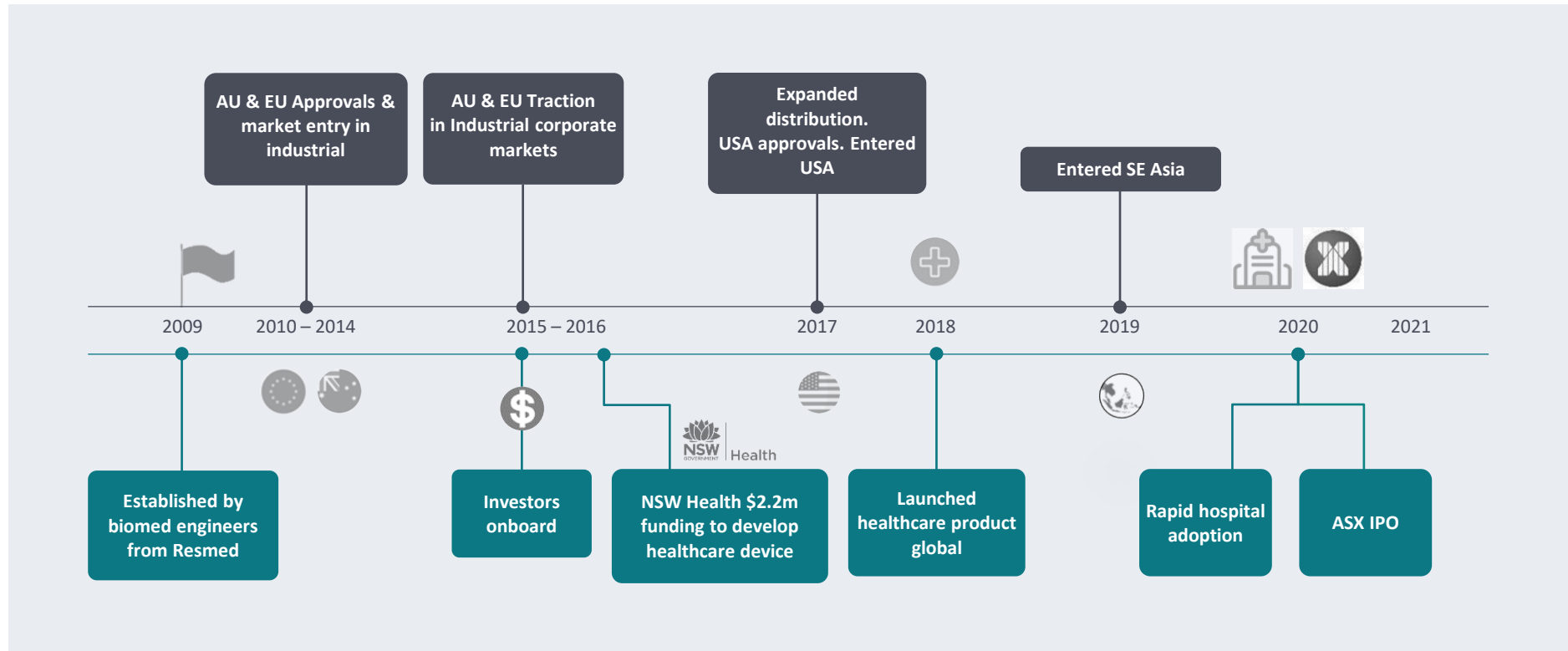


US\$6.3bn total addressable market in 2020

- Accessing global healthcare and industry PPE markets

COMPANY HISTORY

CleanSpace has achieved regulatory approvals for an expanding product range to open and set-up in key PPE markets to build a global medtech business



A CLEAR COMPETITIVE ADVANTAGE

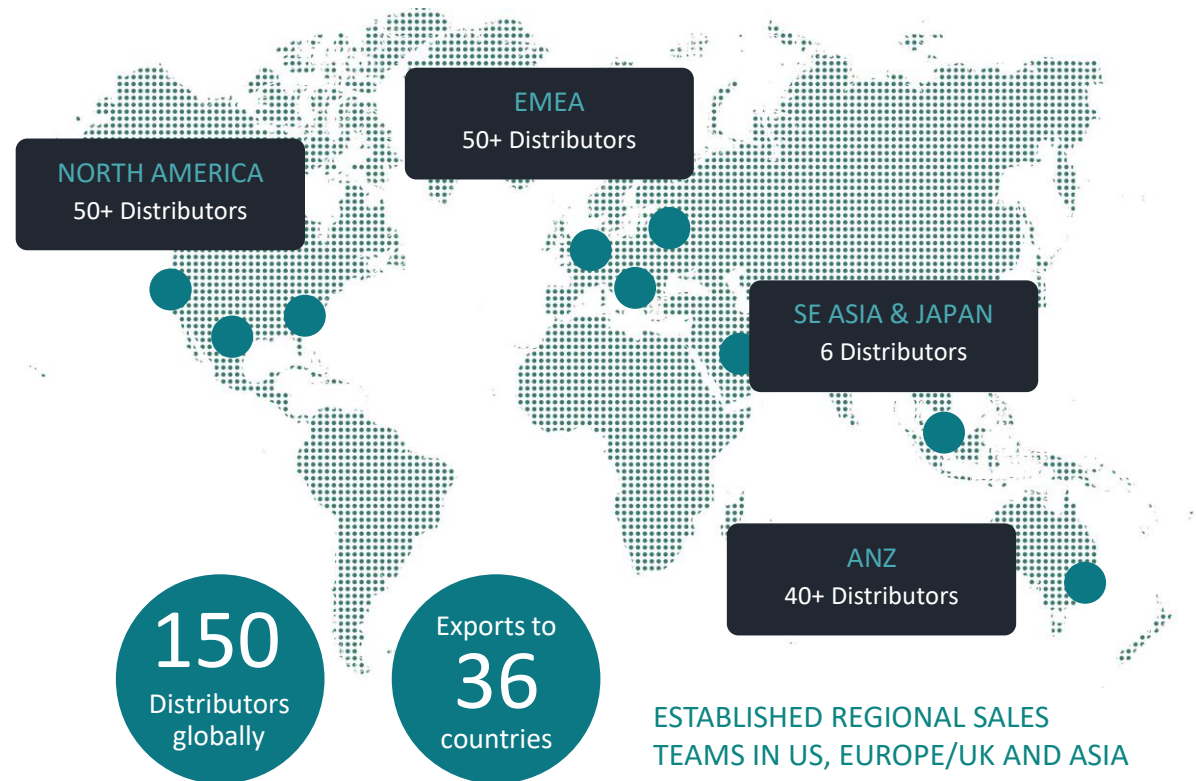
A healthcare technology that provides high protection & lower cost; displacing both disposable masks and bulky PAPRs

| PROPRIETARY AIRSENSIT™ TECHNOLOGY | CLEANSACE | TRADITIONAL RESPIRATOR OFFERINGS | |
|---|--|--|--|
|  |  | <p data-bbox="1393 468 1533 489">DISPOSABLES</p>  | <p data-bbox="1651 468 1860 489">TRADITIONAL PAPRS</p>  |
| <p data-bbox="165 982 397 1003">OUR TECHNOLOGY</p> <ul data-bbox="170 1025 941 1253" style="list-style-type: none"> ▪ Neck mounted compact design. Lightweight and small ▪ Breath responsive. Pressure sensors and algorithm continuously pressurise the mask though the breath ▪ Specialists in airflow control sampling, monitoring and adapting 100 Hz ▪ Micro-turbine toroidal motor: quiet, long wear, efficient), 26,000 rpm, high pressures and flows ▪ Lithium polymer smart battery technology: long run time and fast re-charge | <ul data-bbox="978 911 1240 1239" style="list-style-type: none"> ✓ High protection ✓ Lower cost ✓ Reduces heat stress ✓ Reusable ✓ No hoses or belts ✓ Light, small & easy to use ✓ Mobile & portable ✓ Fast disinfection time | <ul data-bbox="1340 911 1581 1225" style="list-style-type: none"> ✓ Light & simple ✗ Low protection ✗ Low compliance ✗ Moisture/CO2/heat problems ✗ Breathing resistance ✗ High disposable costs ✗ Stockpile & supply constraints | <ul data-bbox="1629 911 1869 1225" style="list-style-type: none"> ✓ High Protection ✓ Reduces heat stress ✓ Reusable ✗ Heavy, bulky & complex ✗ Poor PPE compatibility ✗ High costs ✗ High inventory ✗ Slow to disinfect |

SALES AND DISTRIBUTION NETWORKS TO ACCESS KEY BUSINESS

CleanSpace has regional sales teams and expanding distribution networks. Distribution partners facilitate access to enterprise clients and existing purchasing arrangements and logistics support.

- Network of distributors to cover the industrial and healthcare sectors:
 - MROs
 - PPE specialists
 - Industrial sector specialists (i.e. metal, construction)
 - Medical Device or GPOs
- Covers 36 countries
- Strategy to continue to expand distribution networks
 - Distribution Performance Program: sales growth campaigns (disrupted during pandemic)
 - Onboard new distributors for healthcare and industry
- CleanSpace has a direct sales model to healthcare clients in North America and Australia/NZ

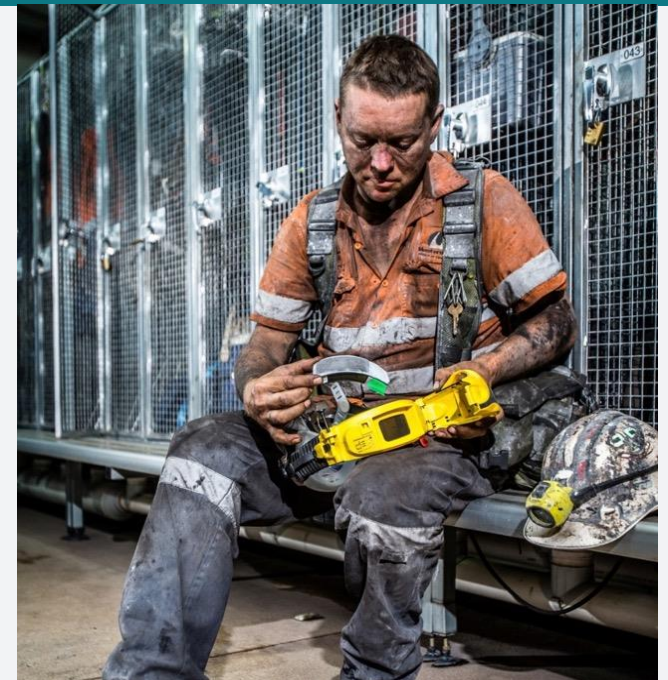


INDUSTRIAL BUSINESS

CleanSpace targets a number of large attractive industry sectors including construction materials, metal, chemical, mining and energy.

These sectors have large workforces that are routinely at risk of airborne contaminants in their operations. High protection, compliance and cost effective solutions are critical in the buying decisions

- **LEADING ENTERPRISE INDUSTRIAL CLIENTS:** Large workforces, regulated, established safety culture and policies and recognised high risk environments for airborne hazards. High respirator users that generate recurring revenue for consumables/accessories and service sales.
- **EMPLOY A 'LAND AND EXPAND' STRATEGY:** Secure enterprise customer through site trials; expanding across site, then site-to-site and then organisational wide adoption.
- **SITE TRIALS:** Establish enterprises' experience of the performance and the cost benefits of the products first hand, so safety and operations managers can introduce the products to other parts of the organisation.
- **CUSTOMER ONBOARDING AND SUPPORT:** CleanSpace embeds the product use by leveraging a scalable customer engagement program comprised of direct technical support, web-based training and deployment, online training videos and other product materials.



HEALTHCARE BUSINESS

2020 was a transformational year for our healthcare sector.

After global launch of CleanSpace Halo for clinical settings (in 2018), demand drove fast tracked penetration in large competitive healthcare markets – North America and Asia

- Expanded market adoption to 850+ hospitals where CleanSpace can enable a broader adoption (Land and Expand Strategy)
- Applications in ICU, Anaesthetic, Operating Theatres and Emergency Departments. With emerging opportunities in Ambulance, Medical Day Clinics and Dental.
- Key reference hospitals in North America, Europe and Asia. Including US Gov't: VA and DoD
- Remotely training thousands of healthcare staff in 15+ countries, for effective adoption
- Onboarded new healthcare distribution partners: US, Europe and Asia.
- Achieved Medical Device approvals : TGA, WAND, Singapore (adding to existing respirator approvals)



SECURE DOMESTIC PRODUCTION OPERATIONS



New St Leonards facility

- Operational since early November 2020
- Current capacity of \$100m revenue per annum (1 shift, 5 days) with potential to ramp rapidly as required
- COVID safe practices minimise risks to production disruption
- Enables business to hold increased inventory levels and shorten lead times

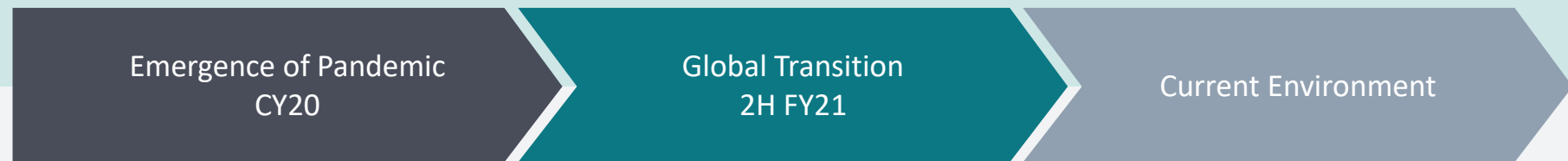
Supply Chains

- Preferred Supplier Programs in place for 7+ years
- The business has experienced reliable inbound supply and logistics
- Modular design enables stock flexibility
- Contingent stock planning for electronic parts

COVID-19 IMPACT: VOLATILE OPERATING ENVIRONMENTS

Emerging market dynamics are favourable to CleanSpace, subject to the ongoing pandemic-induced volatility.

The highly infectious variant Delta, renewed outbreaks and breakthroughs in vaccinated workers are reinforcing the importance of high respiratory protection. Regulators have upgraded recommendations for reusable devices. Emerging issue of environmental impact of single use products.



- Rapid escalation of COVID outbreaks in largely unprepared markets
- Urgent purchasing patterns in healthcare
- Global shortage of PPE drove high demand and over-purchasing
- Regulators in Emergency Mode. Focus on hand washing and education in PPE (healthcare and consumers)

- Vaccines available. Focus on aggressive vaccine program roll outs
- Prolonged lockdowns and lower business activity
- Surplus PPE as manufacturers scaled up and new entrants at the low end
- Purchasing patterns: customers and channels overstocked / over supplied

- Higher vaccination rates, resulting in lockdowns easing and markets opening
- Educated healthcare market on PPE; regulators moving to better and reusable solutions
- Surplus PPE still present in the market
- New variant Delta causing vaccine breakthroughs and renewed outbreaks
- Better PPE implemented to alleviate Healthcare staff shortages
- Environmental issues with single use PPE



FINANCIAL HIGHLIGHTS

FULL YEAR FY21 FINANCIAL HIGHLIGHTS

Financial fundamentals remain strong, notwithstanding the challenging conditions of 2H FY21

- High gross margin of 77% for FY21
- Demonstrated ability to deliver over 30% EBITDA margins at scale
- Operating leverage with a flexible cost base
- Continued and measured investment in sales and marketing
- Strong balance sheet with cash position of \$38.2m at 30 June 2021
- Low capex and short working capital cycle – strong cash conversion
- Fully funded to execute on its growth strategy



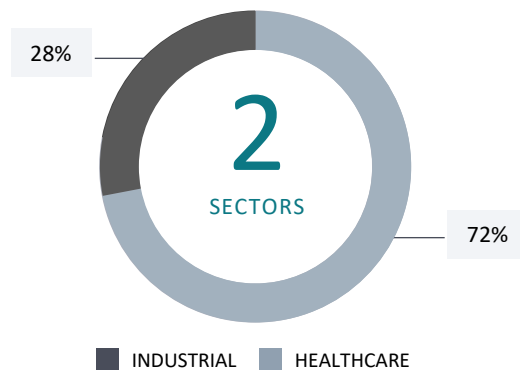
FY21 REVENUE - CHANGES IN THE PURCHASING PATTERNS

REVENUE BY SEGMENT

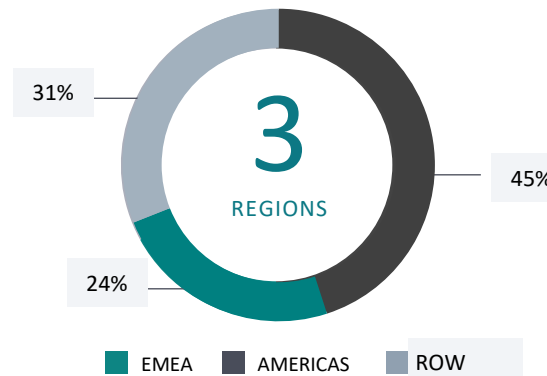
| A\$m | 1H FY21 | 2H FY21 | FY21 |
|------------|---------|---------|------|
| Healthcare | 31.0 | 5.1 | 36.1 |
| Industrial | 8.7 | 5.1 | 13.8 |
| Total | 39.7 | 10.2 | 49.9 |

| % | 1H FY21 | 2H FY21 | FY21 |
|------------|---------|---------|------|
| Healthcare | 78 | 50 | 72 |
| Industrial | 22 | 50 | 28 |
| Total | 100 | 100 | 100 |

REVENUE BY SECTOR FY21



REVENUE BY REGION FY21



REVENUE BY SEGMENT

- 2H revenue performance impacted by pandemic-induced trading volatility
- FY21 results reflect the changes in the trading environment from the pandemic from 1H to 2H
 - 1H driven by strong demand in healthcare and PPE shortages; 2H reflected abrupt shift in demand from vaccination programs; overstocking and lockdown restrictions
- Notwithstanding the challenges seen in 2H FY21, hospital and industrial adoption continued with unit sales to existing and new customers; new hospitals: US (50+); Europe (20+) and Asia (200+); and eight US mining customers in a new sector for the business

REVENUE BY GEOGRAPHY

- Regional sales figures reflect a diversification across the key PPE markets with the US being the largest

INCOME STATEMENT SUMMARY

| | H1 FY21 | H2 FY21 | FY21 | H1 FY20 | H2 FY20 | FY20 | Change vs PCP |
|---------------------------------|---------------|--------------|---------------|--------------|--------------|---------------|---------------|
| Statutory Results | | | | | | | % |
| Revenue | 39.7 | 10.2 | 49.9 | 7.3 | 21.1 | 28.4 | 76% |
| Gross Profit | 31.1 | 7.3 | 38.4 | 4.9 | 16.1 | 21.0 | 82% |
| Employee benefits expense | (5.8) | (4.7) | (10.5) | (3.0) | (4.8) | (7.8) | |
| Marketing and sales expenses | (1.8) | (1.9) | (3.7) | (1.3) | (1.4) | (2.6) | |
| R&D and IP expenses | (0.7) | (0.7) | (1.4) | (0.7) | (0.8) | (1.5) | |
| Other operating expenses | (3.6) | (2.1) | (5.8) | (1.0) | (1.2) | (2.3) | |
| Total Operating Expenses | (12.0) | (9.4) | (21.3) | (6.0) | (8.2) | (14.3) | 50% |
| EBITDA | 19.1 | (1.9) | 17.2 | (1.0) | 8.9 | 7.8 | 122% |
| Depreciation and amortisation | (0.7) | (0.5) | (1.2) | (0.2) | (0.2) | (0.4) | |
| EBIT | 18.4 | (2.4) | 16.0 | (1.2) | 8.6 | 7.3 | 119% |
| Gross Margin | 78% | 72% | 77% | 68% | 76% | 74% | |
| EBITDA Margin | 48% | -19% | 34% | -14% | 42% | 27% | |
| EBIT Margin | 46% | -23% | 32% | -17% | 41% | 26% | |

GROSS MARGIN

- Margin increased from 74% in FY20 to 77% in FY21 driven by increase in healthcare sales (up from 50% in FY20) as a proportion of total sales; Healthcare products having higher margins than industrial and largely direct sales in US and Australia
- Margin decreased in 2H FY21 from 78% in 1H FY21 to 72% due to:
 - Change in product segment mix. Proportion of healthcare sales decreased from 78% to 50% as healthcare PPE purchasing patterns changed in 2H
 - Reduction in sales volumes and absorption of some production labour costs
- Business currently not experiencing material cost increases in COGS, nor delays or supply chain issues
- FY22 Gross Margin is expected to be in line or above 2HFY21 Gross Margin
- The business anticipates more healthcare sales through distributors in FY22 as healthcare markets continue to open up



BEST IN CLASS
CATEGORY LEADER

NEW PRODUCTS LAUNCHED 2021

NEW PRODUCT FOR SOURCE CONTROL

STERI-PLUS:

Exhalation valve filter (98% filtering efficiency)
suitable for sterile environments or where
source control is required

- First and only PAPR with Source Control
- Extends application of CleanSpace in healthcare and industrial sectors
- NIOSH, CE Mark and TGA approved



NEW FILTER FOR CHEMICAL & PHARMA SECTORS

AX GAS COMBINATION FILTER:

For use against low boiling point ($\leq 65^{\circ}\text{C}$) organic compounds such as methyl bromide, methanol, acetone

- First and only PAPR with AX Filter for low boiling point organic gases
- Expands CleanSpace applications into large industrial sectors: chemical manufacturing, aerospace, energy, oil & gas, industrial fumigation, pharmaceutical production
- CE Mark and AS1716 approved



IN TRIAL: CLEANSPACE SMART USED WITH OUR BLUETOOTH ENABLED DEVICES

Critical compliance solution for employers

- First and only PAPR with data capture
- Enables workers to check their protection before and during their time in the contaminated area
- Developed in consultation with clinical professionals and frontline healthcare staff during COVID outbreaks
- NIOSH, CE Mark and AS1716 approved





WWW.CLEANSPACETECHNOLOGY.COM