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## Chairman's Address to the Annual General Meeting of Shareholders

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CleanSpace Holdings Limited (ASX: CSX; CleanSpace), an Australian company that designs, manufactures and sells workplace respiratory protection solutions for healthcare and industrial markets, will be holding its Annual General Meeting of Shareholders at 10.00am (Sydney time) today.

The Chairman's address to the meeting is below.

### **Chairman's Address**

In my address I would like to canvass the following topics:

1. Governance
2. Strategic Overview
3. Perspectives on FY2022 & FY2023 YTD; and
4. Capital Management

Thereafter, I will hand you over to Dr Alex Birrell for the CEOs address.

### **Governance**

As you are aware, the composition of the Board has changed entirely since the end of FY2021 which is quite unusual and so this AGM affords an opportunity for the newly constituted Board to give its perspectives on the company and its prospects.

I was appointed to the Board on 18th October 2021 attending that year's AGM as Chairman elect and so have been with the company for just on 12 months. I believe I was appointed for my experience with chairing ASX listed companies and serving on Boards of emerging technology and biotechnology/medical device companies commercialising their products and technology in global markets and the US in particular. PolyNovo and 4DMedical, both medical device companies and Cettire an ecommerce company, are doing precisely that.

I then set about putting together a Board with a contemporary and directly relevant skill matrix which would support management with the challenges of commercialising CleanSpace developed respiratory devices globally.

The appointment of Ms Lisa Hennessy as a director was made on 9th December 2021. Lisa brought to the skill mix her American education and background together with her North American enterprise sales networks in the medical device and healthcare sectors from her days with global medical technology company GE Healthcare. Lisa also brings growth strategy experience from her in house strategy director roles with NYSE listed Del Monte Foods and GE Capital in addition to considerable ASX listed company experience being currently on the Boards of Nitro Software and Adore Beauty.

Graham McLean was next to join the Board on the 1st February 2022. Graham previously having worked with NYSE listed Stryker for 16 years in operational and finance roles brings significant medical device and healthcare experience as a result. Stryker sells amongst its large medical product range, PPE via distributors and direct sales. At Stryker, Graham held several senior positions including President Japan, President Australia and NZ and President Asia Pacific based in Singapore. During his time there Graham was responsible for transforming Asia Pacific including restructuring Chinese distribution to accelerate

growth resulting in Asia Pacific becoming a fast growing, multibillion dollar sales region for Stryker. With the sales & marketing experience which comes with these roles, his perspectives on salesforce construction, compensation and sales support are particularly valuable in the CleanSpace context.

I believe the skill set brought to the company by the 3 independent directors provide executive directors Alex and Dan and the CleanSpace management team with material and valuable insights and guidance during this unsettled time as markets emerge from the pandemic shock of prior years.

I also acknowledge the contribution made by other directors (Mr Highland, Dr Weinberger and Mr Lawn) who have retired from the Board during this period.

### **Strategic Overview**

The Company conducted a strategic review with fresh perspectives of the newly appointed Board early in the calendar year and announced to the market the outputs of that review on 11th April 2022. Since then the company has been executing on this strategy but it is worth again articulating the thinking behind this strategy.

The Board has the view that CleanSpace should continue to focus on revenue growth both from industrial and healthcare sectors. The healthcare market is a more challenging market to penetrate due to regulation, purchasing processes, longer decision and purchase cycles etc but the market is very large and will provide strong growth if successfully penetrated- healthcare represents a major opportunity that is worth pursuing and establishing a significant presence over time. Hence the equal focus on and balance between both industrial and healthcare markets globally.

The Company is investing as previously announced in building out its sales team in the US as a result of this strategy – the sales team there is equally balanced between industrial and healthcare markets. We are emboldened in pursuit of the US healthcare opportunity by (1) North America being the largest PPE market in the world (2) the large sales made by CleanSpace into that market during the pandemic and the number of hospitals and other reference clients which can be built upon by a dedicated sales team and (3) recognition from the pandemic experience in that market that PAPRs provide superior protection and the number of PAPRs already deployed in that market which could be displaced by a superior product such as the CleanSpace product.

These factors were felt by the Board to be compelling for further investment in pursuit of that opportunity. It is early days for this US initiative but we are encouraged by the large and prospective pipeline of opportunities in the US which, we believe, will lead to materially increased sales into that market over time.

### **Perspectives on FY2022 & FY2023 YTD**

I will leave the detail of FY2022 to Alex in her presentation but just wanted to provide a holistic perspective on last financial year's results as well as the current financial year to date. \$13.4 million revenue was a large reduction against pandemic fuelled revenue of the prior year and a disappointing but understandable outcome given the circumstances. The first half of FY2022 was marginally stronger than the second half and we believe revenue stabilised during that period.

Q1FY2023 showed good but nonmaterial growth in the US and Asia Pacific counterbalanced to some degree by a small holiday induced European revenue reduction as against Q4 FY2022 ie the prior quarter.

We expect to see revenue growth emerge as FY2023 progresses given encouraging pipeline build in the US and Europe and successful execution against the strategy articulated earlier combined with further improvement in market conditions.

There are risks to this outlook being the economic impact, particularly in Europe, of the elevated inflationary pressures and geopolitical unrest.

### **Capital Management**

The Board has been very focussed on prudential use of capital and reduction of operating expenditure where possible and sensible. The underpinning philosophy so far this year is not to give up on the growth strategy but to allow prudential use of capital to support the business whilst pursuing revenue growth.

Shareholders will remember that the company raised for its own purposes to grow the business \$20 million in the IPO back in October 2020 with the balance of the raising, approximately \$111 million, paid to selling shareholders at that time. The company has been fortunate to be able to use retained earnings from the “pandemic” years to fund the company to this point and at the end Q1FY2023 still retained the \$20 million in cash raised at IPO to invest in its growth strategy.

The Board has been working hard with management to reduce cash operating costs despite this growth strategy with annual cash operating costs planned to be sub \$20 million for H2FY2023 on a run rate basis representing a material reduction as against prior periods. The Board will take further cost reduction initiatives should it feel such steps are prudent going forward.

Now I will ask our CEO, Dr Alex Birrell to provide her perspectives on FY2022 and FY2023 YTD

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**Authorised for release by the CleanSpace Holdings Limited Board of Directors.**

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### **ABOUT CLEANSPACE**

CleanSpace is a Sydney-based designer and manufacturer of respiratory protection solutions 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.