



# ANNUAL GENERAL MEETING FY23

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CLEANSPEACE 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.

NOVEMBER 2023

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## AUTHORISATION

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



## AGENDA

1. FY23 Results
2. FY24 Trading Update
3. Key Strategy Topics

### STRATEGIC OBJECTIVES RESET

- Focus on industrial sectors
- Healthcare targeted opportunities
- 6 Priority growth countries
- Right size the cost base
- New leadership team in place

### ENCOURAGING RESULTS ALREADY

- Q4 Revenue growth +31% v PCP
- Cost reductions \$8m (annualised) now in monthly run rate
- Cash outflow slowed to ~\$1m per quarter from Q4FY23
- New innovative products launched in Q3FY23



## OVERVIEW – 2023 FULL YEAR

### FINANCIAL RESULTS

#### Revenue

- Year: \$12.1m (-9% on PCP)
- H2: \$6.4m (+1% on PCP)(+11% v H1)
- Q4: +31% (v PCP)

#### Operating Expenses

- Year \$18.9m (-20% v PCP)
- H2 \$8.6m (-25% v PCP)

#### Operating EBITDA loss

- Year -\$10.8m (+\$3.3m v PCP)
- H2 -\$4.3m (+\$3.0m v PCP)

#### Cash in Bank at June 30 2023 \$12.2m

- Year -\$12.1m cash outflow
- H2 -\$4.3m
- Q4 -\$1m



### STRATEGY RESET

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

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

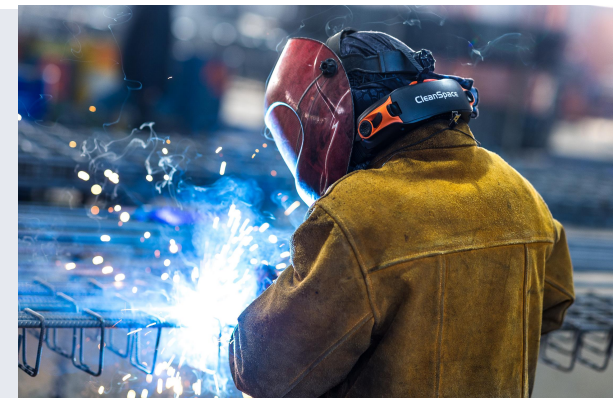
1. Core focus in industrial and mining sectors, which we know very well
2. Realign resources from healthcare to industrial, prioritise targeted healthcare opportunities
3. Focus on priority markets where CleanSpace has a presence and foundations for growth – France, US, Australia, UK, Germany, Nordics
4. Build recurring revenue streams with additional innovative services and solutions
5. Tightly manage costs and cash to align with business revenue

CleanSpace is evolving from a technology centric company to a commercial, customer driven business

## KEY POINTS

### FY24 OBJECTIVES

- Potential for 30%+ revenue growth
- Gross Margin favourable v FY23
- Build recurring revenue streams
- Ongoing cost base optimisation
- Cashflow break even in some months
- Do not expect to raise capital in order to fund current operations



CleanSpace's business has been right-sized and we are seeing early signs of sales improvement led by a focus on our premium industrial products

### FIRST 4 MONTHS FY24

We announced a Q1 Trading Update on 9 October 2023:

- Q1 Sales of \$4m (+52% growth v PCP and 18% growth v last quarter)
- Q1 end cash at Bank of \$11.6m, -\$0.6m v 30 June 2023
- October Trading has continued this trend with revenue growth >50% v PCP
- Costs and cash are in line with expectations
- We expect to break even (cash basis) on a monthly run rate as we exit FY24



### **FY24 YTD ANALYSIS (after October results)**

Growth by region:

- Europe 111%
- Asia Pacific 25% (Australia 31%)
- North America 7%

Share of respirator units / consumables: 55%:45%

Growth by volume / price:

- Volume +~30%
- Price +~20%

### THE GROWTH OPPORTUNITY

- 6 Priority Markets – Industrial PAPR market size US\$2-3B
- Innovation pipeline
- New market segments – eg fire investigation, first responders
- Corporate accounts
- Recurring Revenue
- Employer obligations & compliance

CleanSpace now offers compelling customer solutions  
using our disruptive and innovative technology



With at least 99.97%  
protection, silicosis  
is on notice.

**CleanSpace<sup>®</sup>**  
R E S P I R A T O R S  
Free the way you breathe





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## APPENDIX

## FY23 FULL YEAR RESULTS SUMMARY

INDUSTRIAL REVENUE  
GROWTH

41 %

UP ON PCP

70%

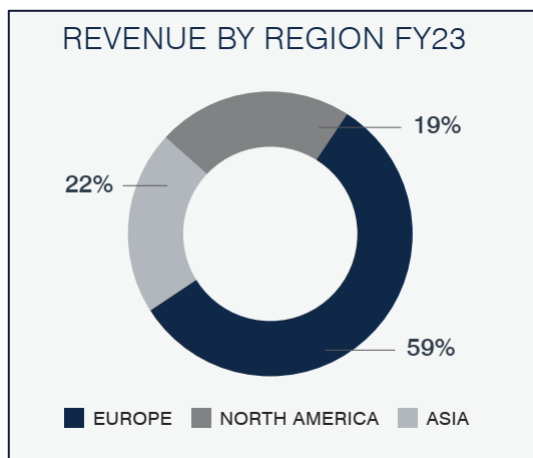
GROSS MARGIN

2

NEW INDUSTRIAL MODELS

48%

CONSUMABLES / ACCESSORIES  
SALES OF TOTAL SALES



### Regional Sales:

- Europe up 28%
- North America up 10%
- Asia sales down 53%, driven by declining healthcare
- 4 countries 79% of sales (US, France, UK, Australia)
- Europe 59% of sales

### Sector Sales:

- Industrial 41% growth globally, growth in all regions
- Industrial revenue contributed 93% of total sales
- Healthcare sales continued to reflect lower demand post pandemic

### Consumable & Accessory v Units Sales:

- 48% of sales were Consumables & Accessories

### Gross Margin:

- 70% remains high
- 73% in PCP due to higher margin healthcare sales



## FY23 INCOME STATEMENT SUMMARY

(A\$m)	H1 FY23	H2 FY23	FY23	H1 FY22	H2 FY22	FY22	Change vs PCP F / U %
<b>Revenue</b>	<b>5.7</b>	<b>6.4</b>	<b>12.1</b>	<b>7.0</b>	<b>6.4</b>	<b>13.4</b>	<b>9 U</b>
<b>Gross Profit</b>	<b>4.0</b>	<b>4.4</b>	<b>8.4</b>	<b>5.3</b>	<b>4.5</b>	<b>9.8</b>	<b>14 U</b>
Employment costs	(6.8)	(5.5)	(12.3)	(6.3)	(7.4)	(13.7)	
Marketing and selling expenses	(1.2)	(1.1)	(2.3)	(2.7)	(1.4)	(4.1)	
R&D and IP expenses	(0.5)	(0.2)	(0.7)	(0.8)	(0.7)	(1.5)	
Other operating expenses	(1.8)	(1.8)	(3.6)	(2.2)	(2.0)	(4.2)	
<b>Total Operating expenses</b>	<b>(10.3)</b>	<b>(8.6)</b>	<b>(18.9)</b>	<b>(12.0)</b>	<b>(11.5)</b>	<b>(23.5)</b>	<b>20 F</b>
<b>Operating EBITDA</b>	<b>(6.3)</b>	<b>(4.2)</b>	<b>(10.5)</b>	<b>(6.7)</b>	<b>(7.1)</b>	<b>(13.4)</b>	
Share based payments	(0.2)	(0.1)	(0.3)	(0.1)	(0.2)	(0.3)	
<b>EBITDA</b>	<b>(6.5)</b>	<b>(4.3)</b>	<b>(10.8)</b>	<b>(6.8)</b>	<b>(7.3)</b>	<b>(14.1)</b>	<b>23 F</b>
Depreciation and amortisation	(0.5)	(0.5)	(1.0)	(0.5)	(0.5)	(1.0)	
<b>EBIT</b>	<b>(7.1)</b>	<b>(4.7)</b>	<b>(11.8)</b>	<b>(7.3)</b>	<b>(7.8)</b>	<b>(15.1)</b>	
Interest expense (net)	-	-	-	(0.1)	(0.1)	(0.2)	
Income tax benefit	2.4	1.3	3.7	2.0	2.0	4.0	
<b>Net (loss) after tax</b>	<b>(4.7)</b>	<b>(3.4)</b>	<b>(8.1)</b>	<b>(5.4)</b>	<b>(5.9)</b>	<b>(11.3)</b>	<b>28F</b>
Gross Margin	70%	70%	70%	75%	70%	73%	
EBITDA Margin	-114%	-66%	-89%	-97%	-116%	-105%	
EBIT Margin	-123%	-74%	-97%	-104%	-124%	-113%	

- Revenue down 9% over the year. H2FY23 up 11% on H1 FY23 and up 1% on H2 FY22
- Retained high gross margin (70% for full year)
- Total FY23 operating expenses down 20% on PCP:
  - Employment costs down 11% as headcount reduced
  - Marketing and selling expenses down 44% on FY22 due to reduction in fixed costs
  - R&D and IP expenses reduced due to timing of project spend
  - Other operating expenses reduced as a result of cost reduction program
- Depreciation and amortisation in line with prior year
- Income tax benefit includes R&D incentive

## FY23 SUMMARY BALANCE SHEET & CASH FLOWS

Summary Balance Sheet (A\$m)	as at 30 Jun-23	as at 30 Jun-22
Cash, cash equivalents and term deposits	12.2	24.3
Trade and other receivables	3.4	2.5
Inventories	3.0	3.7
Income tax receivable	1.1	-
Other current assets	0.6	0.7
Property, plant and equipment	1.4	2.0
Right-of-use assets	1.0	1.4
Deferred tax asset	6.3	3.7
<b>Total assets</b>	<b>29.0</b>	<b>38.4</b>
Trade and other payables	1.2	2.5
Borrowings	2.8	2.5
Lease liabilities	1.2	1.6
Income tax liabilities	0.1	0.1
Employee benefits	0.9	1.2
Other liabilities	0.8	0.7
<b>Total liabilities</b>	<b>7.0</b>	<b>8.6</b>
<b>Net assets</b>	<b>22.0</b>	<b>29.8</b>

Summary Cash Flows (A\$m)	1H FY23	2H FY23	FY23	FY22
Operating cash flows pre-financing and tax	(7.6)	(4.3)	(11.9)	(12.9)
Capital expenditure	-	-	-	(0.6)
<b>Free Cash Flow</b>	<b>(7.6)</b>	<b>(4.3)</b>	<b>(11.9)</b>	<b>(13.5)</b>

- Strong balance sheet with cash of \$12.2m at 30 June 2023
- Focus on cash management and opex optimisation
- Trade receivables up in FY23 due to increase in Q4 FY23 sales compared to Q4 FY22
- Managing inventory down as supply chains stabilise
- Trade and other payables decreased due to cost management program
- No intangible assets
- Cash outflow in H2 FY23 much lower than H1 FY23 outflow