CLEANSPACE HOLDINGS H1 FY24 RESULTS

23 February 2024. CleanSpace Holdings Limited (ASX: CSX, "CleanSpace" or the "Company"), an Australian company that designs, manufactures, and sells premium respiratory protection solutions for industrial and healthcare markets, today provides an update for H1 FY24.

KEY POINTS

- **Substantial progress with Industrial sales growth strategy: right sizing of cost base delivered.**
- **H1 Revenue $7.3M, growth of 27% v PCP and annualised expense savings of $8m delivered** ***(v FY22).***
- **Underlying revenue growth of 42% v PCP (excluding H1 FY23 large one-off US stocking order).**
- **Gross margin remains high at 71% (up 1%) reflecting higher pricing and product mix.**
- **H1 Operating EBITDA -$2.5m ($3.8m better than PCP).**
- **Healthcare was 4% of revenue and remains a lower priority business sector.**
- **H1 Cash outflow improved to -$2.1m. Cash at bank $10.1m.**
- **Bree Greeff appointed permanent CFO from March 1 2024.**
- **Outlook:**
    - **Continued strong revenue momentum.**
    - **Solid foundations in place for sustainable and significant revenue growth at target 30% pa over future years.**
    - **New Industrial product launch 'Halo Work' in H2, expands portfolio to broaden market appeal.**
    - **Cash break even expected later in 2024 calendar year.**

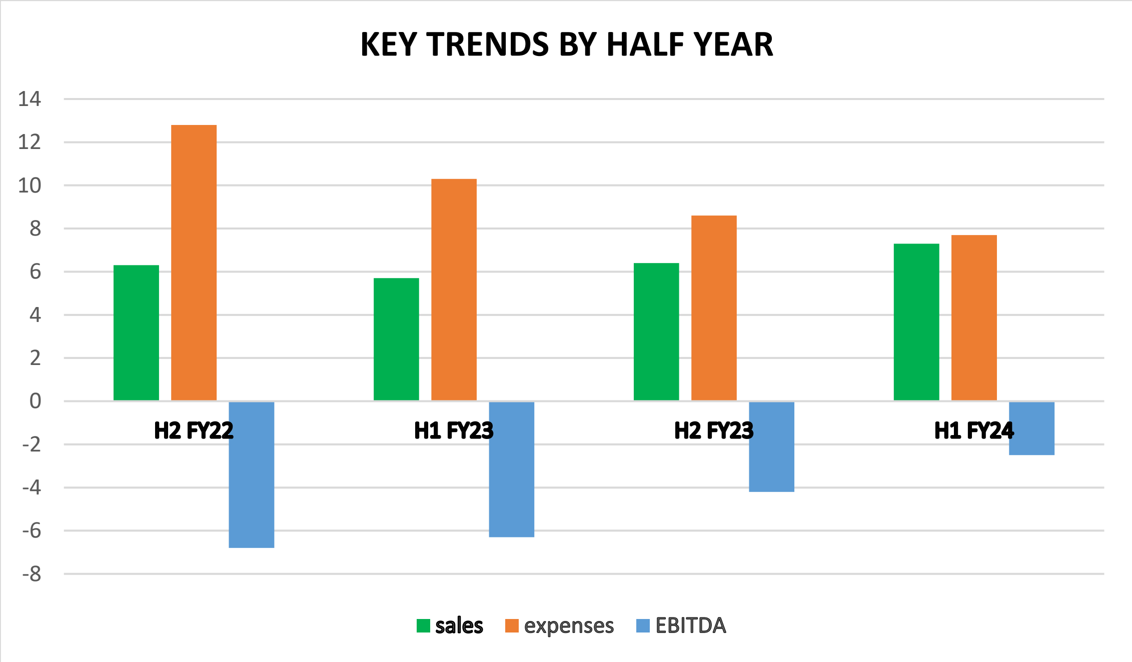
SUMMARY OF FINANCIAL PERFORMANCE

A summary of the trading results and selected operational metrics for H1FY24 and H1/H2 FY23:

AUD	**H1 FY23**	**H2 FY23**	**H1 FY24**	***H1 FY24 v PCP***
Revenue	$5.7m	$6.4m	$7.3m	*+27%*
Gross margin $	$4.0m	$4.4m	$5.2m	*+30%*
Gross margin (%)	70%	70%	71%	*+1%*
Operating expenses[1]	$10.3m	$8.6m	$7.7m	*-25%*
Operating EBITDA[2]	-$6.3m	-$4.2m	-$2.5m	+60%
Cash in bank	$16.4m	$12.2m	$10.1m	-38%

[1] Operating expenses excluding depreciation and share-based payments
[2] Operating EBITDA excludes share-based payments and other income/expense

KEY METRICS – TREND OVER THE LAST 4 REPORTING PERIODS (H2 FY22- H1 FY24) in AUD$M



REGIONAL SALES AND HIGHLIGHTS

Revenue AUD	H1 FY23	H2 FY23	H1 FY24	*H1 FY24 v PCP*
Europe	$2.9m	$4.2m	$4.8m	*+67%*
Asia Pacific	$1.3m	$1.4m	$1.6m	*+24%*
North America	$1.6m	$0.7m	$0.9m	*-42% (-2%*)*
Total	**$5.7m**	**$6.4m**	**$7.3m**	***+27% (+42%*)***

*(*underlying growth)*

Europe contributed 67% of total revenue, with growth of 67% on PCP. H1 FY24 revenue was also up 15% on the prior half. France was the largest selling country with growth of 60% v PCP whilst the UK (+101%) and DACH (Germany, Austria and Switzerland) (+68%) grew significantly too. Two new sales leaders recently hired in UK and Germany are expected to support ongoing strong growth.

Asia Pacific contributed 21% of H1 FY24 revenue and grew 24% v PCP. Asia Pacific revenue was up 14% against the prior half. Growth was driven by Australia (+29% v PCP), whilst Asian countries reflected lower healthcare sales post pandemic. The strong pipeline in Australia and planned entry into the Japan industrial market can expect to deliver higher H2 sales.

North America contributed 12% of H1 FY24 revenue. Revenue was down 42% v PCP but grew 28% from prior half. The H1 FY23 result was inflated by a one-off stocking order in November/December, as previously highlighted. Underlying Industrial revenue grew v PCP but was offset by continued Healthcare revenue decline. The sales and marketing contract with Line Drive Inc was recently mutually terminated. We are assessing strategic options to drive future Industrial growth in a sustainable and measured manner.

OPERATING EXPENSES

Operating expenses (excluding depreciation and share based payments) for H1 FY24 of $7.7m are significantly down (25%) on PCP, demonstrating the business's ongoing work to drive efficiency and operate at a sustainably lower cost base. This drive for improved productivity and cost reductions will continue in H2**.** We are doing more with less whilst maintaining very high standards of quality and technology development.

CASH

The Company's balance sheet remains strong with cash of $10.1m at 31 December 2023.

Cash outflow has been significantly reduced over the last 18 months and is trending towards breakeven. With current cash and the business performing as anticipated, the company is funded through to cash flow break-even expected during calendar year 2024.

OUTLOOK

The Board remains confident that the current outlook on revenue growth and cost/cash initiatives will support profitability growth and positive cashflow in the medium term.

CleanSpace is well positioned to continue sales growth of 30% in H2 FY24 and beyond in our 7 focus markets, with strong revenue momentum expected in Europe and Australia, as well as an industrial launch in Japan. The US is expected to operate at break even in H2 whilst a growth strategic review is completed.

< ENDS >

Authorised for release by the CleanSpace Holdings Limited Board of Directors

FOR MORE INFORMATION

Company Secretary
secretary@cleanspacetechnology.com

ABOUT CLEANSPACE

CleanSpace is a Sydney-based designer and manufacturer of respiratory protection equipment for industrial and healthcare solutions, founded by a team of biomedical engineers with experience in respiratory medical devices. CleanSpace is passionate about continually improving health outcomes, safety and standards of care for people who need it most.

In the last 20 years, technology has driven unprecedented advances in protective 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. CleanSpace Respirators are a true game changer. Higher protection for frontline workers means better health outcomes for millions of people, now and into the future.