
CLEANSPACE HOLDINGS LIMITED TRADING UPDATE

CleanSpace Holdings Limited (CleanSpace), an Australian company which designs, manufactures and sells workplace respiratory protection equipment for healthcare and industrial markets, announced today an upgrade to its H1FY21 prospectus forecasts.

PRODUCT DEMAND UPDATE

Business performance remains strong across key geographies since listing and CleanSpace continues to see demand in healthcare and industrial sectors. The product sales mix is 77% healthcare and 23% industrial with geographical sales split evenly between North America, Europe and Asia Pacific:

- The USA healthcare market continues to deliver growth for the business with continued growth in VA, Sutter, and Parkview hospital groups; and new deployments to Community Health Services and a large dental group. The business operates its direct sales model in the US healthcare market.
- Europe is now experiencing a second wave of COVID19 and lockdowns in UK, Germany, France and Spain are driving PPE shortages and interest in our healthcare offering. CleanSpace has built a strong growing industrial base in Europe which has continued to expand. The European healthcare markets offer attractive growth opportunities.
- Asia Pacific: Australia and Singapore have seen demand stabilise with more considered purchasing for protection long term, and new health sectors open up such as aged care and community care who were hit hard by the recent outbreak. Strong sales demand continues in other markets such as Japan, Philippines and Indonesia.

OPERATIONAL UPDATE AND NEW PRODUCTION FACILITY

The business has successfully set up production teams at the new facility and remains on track to ramp up operations to deliver capacity capabilities to over \$100m per annum by end of this calendar year. The Company's operations are performing well. With no adverse impact to supply chains or outbound logistics the Company is well positioned with respect to stock levels and delivery times to respond to global demand.

CleanSpace has also progressed several strategic initiatives with new hires expanding regional sales presence and progressing new product developments to build out the healthcare range.

TRADING UPDATE AND UPGRADE TO PROSPECTUS FORECASTS

Business performance has been strong and is tracking ahead of expectations. Trading to the end of October 2020 has seen continued demand in healthcare and industrial sectors. The business expects to now achieve the FY21H1 prospectus revenue forecast in November. Revenue is now forecast to be in the range of \$34m - \$36m for the full six months (ending 31 Dec 2020). Gross profit margins and EBITDA margins are tracking above the prospectus forecast and EBITDA is expected to be in the range \$14m - \$16m for the full six months (ending 31 Dec 2020). Consumable sales are currently 45% of total sales and broadly in line with previous year and the forecast.

IMPACT OF COVID-19 ON THE BUSINESS

The occurrence of outbreaks, and in particular the current experience of COVID-19, drives awareness, adoption and use of PPE with material shift to higher levels of respiratory protection. Based on our experience, customers in countries such as Singapore and Malaysia, who were severely impacted by the Severe Acute Respiratory Syndrome

virus (SARS) in 2002 – 2004, understood the investment in high quality reusable PPE for healthcare workers as part of mandated pandemic readiness plans. As such, these customers were the first to purchase and quickly moved to organisational wide roll outs of the CleanSpace systems. The world has seen outbreaks on average every 5 years, and healthcare and industry are impacted when these happen. Once receded, outbreaks restructure purchasing and peri-operative environments to secure effective and available protection for healthcare workers. Unlike previous outbreaks, COVID-19 is impacting more than hospital care settings, with aged and community care badly affected. In markets between waves, we are seeing government and private organisations in these areas rethinking their pandemic readiness plans.

COVID-19 has also generated heavy investment in research and pharmaceutical sectors. Both these sectors are also growth sectors for the business in USA, Europe and Asia. CleanSpace designs, manufactures and sells reusable respiratory protection equipment for both Healthcare and Industrial which has proven to deliver high protection, user comfort and compliance and employer cost savings. These benefits are being replicated in pharma and research customers. Ongoing use of these products requires customers to also purchase additional consumables, accessories and spares that are specifically designed and approved to work with CleanSpace respirators over the course of the respirators' use life. As COVID-19 evolves, the business continues to work with customers to supply their consumables, accessories and spares. Historically consumables have accounted for approximately 45% of CleanSpace's revenues.

Since the outbreak of COVID-19, CleanSpace has deployed its products to thousands of new customers globally across healthcare, pharma/lab and core industrial sectors. This is offering us significant opportunity to grow within the expanded customer base, along with new customer opportunities. Across governments and hospitals globally, pandemic readiness is now a key focus area.

CleanSpace Executive Director and Chief Executive Officer, Dr Alex Birrell said: "The business is performing strongly, both financially and operationally, and we are pleased to be providing an update to the market at this time. The upgrade in the forecast reflects work done to leverage our existing markets and expand the base with new customers. Deeper market penetration strengthens the business for a post COVID-19 environment and reinforces CleanSpace as best practice respiratory protection that offers significant benefits including higher protection, greater user comfort and cost effectiveness".

"While Australia has managed to achieve no new COVID-19 cases and low community transmission, other regions are now experiencing second waves that have higher and escalating infection and mortality rates, exceeding the initial stages of the pandemic. The global environment remains uncertain, it is important the business stays agile and able to respond. The progress in a potential vaccine is a positive. How long the COVID-19 pandemic will run for is unknown. A vaccine in the market will signal the return of growth in economic markets and industrial sectors where we have consistently seen 30%-40% growth, while the impacts of COVID-19 on hospitals has delivered a permanent change in mindset towards PPE, and protection of healthcare workers, in the hospital setting."

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Authorised by the CleanSpace Holdings Limited Board of Directors.

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

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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.