



Initial Public Offering Prospectus

CleanSpace Holdings Limited

ACN 150 214 636

This offer is for 29,791,422 Shares in **CleanSpace Holdings Limited** at a price of A\$4.41 per Share.

This is an important document which should be read in its entirety. You may wish to consult your professional advisor about its contents.

Joint Lead Managers

BELL POTTER

WILSONS

Important Notices

The Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in CleanSpace Holdings Limited (ACN 150 214 636). This Prospectus is issued by the Company and CleanSpace SaleCo Limited (ACN 644 236 304) (**SaleCo**). See Section 7 for further information on the Offer, including as to details of the securities that will be issued and transferred under this Prospectus.

Lodgement and Listing

This Prospectus is dated 29 September 2020 and was lodged with ASIC on that date (**Prospectus Date**).

The Company has applied to the Australian Securities Exchange (**ASX**) for admission of the Company to the Official List and quotation of the Shares on the ASX (**Listing**).

Neither ASIC nor ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

No Shares will be issued or transferred on the basis of this Prospectus after the expiry date, being 13 months after the Prospectus Date.

Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial

and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.4 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider the assumptions underlying the Forecast Financial Information set out in Section 4 and the risk factors set out in Section 5 that could affect the Company's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Forward looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, SaleCo, the Directors, the SaleCo Directors, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information in this Prospectus when deciding whether to invest in Shares. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward-looking statements. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place (including the key assumptions set out in Section 4).

No person who has made any forward-looking statements in this Prospectus (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company and SaleCo. Forward-looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4 and 5, and other information in this Prospectus. The Company and SaleCo cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company, SaleCo, the Company's service provider, Boardroom Pty Limited

ABN 14 003 209 836 (**Share Registry**) and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement. Bell Potter Securities Limited and Wilsons Corporate Finance Limited have acted as Joint Lead Managers to the Offer and have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by any Joint Lead Manager or by any of their respective affiliates or related bodies corporate (as defined in the Corporations Act) (**Related Bodies Corporate**), or any of their respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Joint Lead Managers, their respective affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

No overseas registration

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state of the United States, and may not be offered or sold in the United States, except transactions exempt from or not

subject to the registration requirements of the US Securities Act and any other applicable US securities laws. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer.

See Section 7.7 for more detail on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares offered under this Prospectus (**Applications**) in the seven day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Prospectus availability

This Prospectus is available in electronic form to Australian residents on the CleanSpace's offer website: www.cleanspacetechnology.com/investor-centre. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia and is not available to persons in any other jurisdictions, including the United States.

A copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the CleanSpace Offer Information Line on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) between 8:15am and 5:30pm (AEST time), Monday to Friday (Business Days Only) during the Offer Period.

Applications

Applications for Shares may only be made on the Application Form attached

to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at www.cleanspacetechnology.com/investor-centre, together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

By completing an Application Form, you are providing personal information to the Company and SaleCo through the Share Registry, which is contracted by the Company to manage Applications. The Company and SaleCo, and the Share Registry on their behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment listed below.

If you do not provide the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Joint Lead Managers to assess your Application;
- printers and other companies for

Important Notices

the purposes of preparation and distribution of documents and for handling mail;

- market research companies for analysing the Company's shareholder base; and
- legal and accounting firms, auditors, management consultants and other advisers for administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company and SaleCo. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

- Telephone:
+61 2 9290 9600 (outside Australia)
- 1300 737 760 (toll free within Australia)
- Level 12, 225 George Street,
Sydney NSW 2000

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the glossary in Section 12. Unless otherwise stated or implied, references to times in this Prospectus are to (AEST time).

Unless otherwise stated or implied, references to dates or years are calendar year references.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

Market and industry data

This Prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information is based on a market study (Independent Market Report) that the Company commissioned from Frost & Sullivan, as well as the Company's analysis of such information. See Section 6.3.1 for further information relating to Frost & Sullivan's engagement.

The Independent Market Report includes or is otherwise based on information supplied to Frost & Sullivan by or on behalf of the Company. In addition, the Company understands from Frost & Sullivan that the Independent Market Report includes or is otherwise based on information obtained from (i) various data collection agencies, industry associations, forums and institutes and private market analysts; and (ii) publicly available information, as well as primary interviews conducted with industry participants and secondary market research.

While the Independent Market Report provides that the views, opinions, forecasts and information contained in it are based on information reasonably believed by Frost & Sullivan in good faith to be reliable, Frost & Sullivan has not independently verified or audited the information or material obtained from third parties. In addition, the Company, SaleCo or the Joint Lead Managers have not independently verified, and cannot give any assurances as to the accuracy and completeness of the market and industry data contained in this Prospectus that has been extracted or derived from the Independent Market Report. Investors should note that

industry and sector data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual industry or market conditions. Accordingly, the accuracy and completeness of such information is not guaranteed.

In addition to the industry data, this Prospectus uses third-party data, estimates and projections. There is no assurance that any of the third-party data, estimates or projections contained in this Prospectus will be achieved. The Company has not independently verified such information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 5.

Financial Services Guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

Intellectual Property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

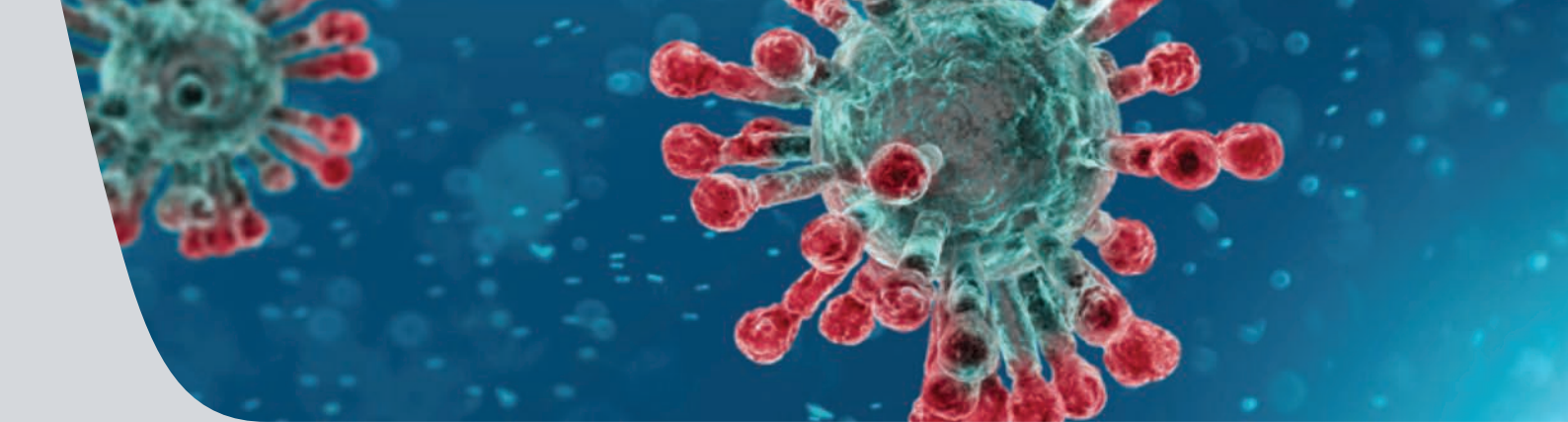
Website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred in this Prospectus, is incorporated in this Prospectus by reference.

Questions

If you have any questions in relation to the Offer, contact the CleanSpace Offer Information Line on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) between 8.15am and 5.30pm (Sydney time), Monday to Friday.

This document is important and should be read in its entirety.



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Chairman's Letter

Dear Investor,

On behalf of the Board of Directors of CleanSpace Holdings Limited (CleanSpace), it is my pleasure to offer you the opportunity to become a shareholder in CleanSpace.

CleanSpace is an Australian company based in Sydney which designs, manufactures and sells workplace respiratory protection equipment (**RPE**) for healthcare and industrial end markets. The Company was founded in 2009 by a team of biomedical engineers and following a successful testing and regulatory approval process, launched its first respirator for use in industry in 2010. Today, CleanSpace is a growing business with international approvals and established domestic and offshore teams supporting sales of a product portfolio to large healthcare and industrial RPE markets.

CleanSpace develops and owns its proprietary technology. In the last 10 years, the Company has continued 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 technology incorporates miniaturisation (size and weight), smart pressure driven algorithms, intuitive function and unique neck mounted design, to achieve the highest level of protection.

CleanSpace's initial public offering is the next step for the Company in providing financial flexibility and executing on its growth strategy.

The Offer is looking to raise A\$131.4 million, comprising A\$20 million of primary capital through the issue of 4.5 million new Shares at A\$4.41 per Share, with the remaining A\$111.4 million allowing Existing Shareholders an opportunity to realise part of their long-term pre-listing investment in CleanSpace. Upon completion of the Offer, new Shareholders are expected to hold approximately 36% of CleanSpace shares and Existing Shareholders, including Management, will retain approximately 64% of CleanSpace shares. Approximately 90% of shares held by Existing Shareholders¹ will be escrowed voluntarily with a staged release, up to 23 months following the completion of the Offer.

This Prospectus contains important information in relation to the Offer, the financial and operating performance of CleanSpace, as well as information relating to its operations and business strategy. The risk factors that could affect CleanSpace's business, financial condition and results of operations, including macro-economic and market condition risks arising from the ongoing global COVID-19 pandemic, together with key risks associated with an investment in CleanSpace, and in shares generally, are contained in Section 5. These risk factors should be considered in detail before making any investment decision. I encourage you to read the Prospectus carefully and consult with your accountant, financial adviser, stockbroker, lawyer or other professional adviser before making any investment decision.

It is important that you read this Prospectus in its entirety before deciding whether to invest in the Company.

On behalf of my fellow Directors, I look forward to welcoming you as a shareholder in CleanSpace.

Yours sincerely,



Dr. Ron Weinberger

Independent Chair of the Board of Directors

¹ Excluding shares acquired by Existing Shareholders in the IPO

Key Offer Details

Key Offer Statistics

Offer Price	\$4.41 per share
Total proceeds under the Offer	\$131.4 million
Total proceeds from the issue of New Shares under the Offer	\$20.0 million
Total proceeds from the sale of Existing Shares under the Offer	\$111.4 million
Total number of New Shares to be issued under the Offer	4.5 million
Total number of Existing Shares to be sold under the Offer	25.3 million
Total number of Shares on issue at Completion of the Offer	77.0 million
Market capitalisation at the Offer Price ¹	\$339.7 million
Pro forma net cash at 30 June 2020	\$34.7 million
Enterprise Value at the Offer Price ²	\$305.0 million
Enterprise Value / pro forma CY20 forecast revenue ³	5.8x
Enterprise Value / pro forma FY20 historical revenue ⁴	10.7x
Enterprise Value / pro forma CY20 EBITDA ⁵	15.6x
Enterprise Value / pro forma FY20 EBITDA ⁶	49.2x

1. Calculated as the total number of Shares on issue at Completion of the Offer multiplied by the Offer Price.

2. Enterprise value is calculated by adding market capitalisation at the Offer Price and the Pro forma net debt or deducting net cash as at 30 June 2020 as set out in Section 4.5.2.

3. The Pro forma CY20 revenue of \$52.9 million is set out in Section 4.3.1.

4. The Pro forma FY20 revenue of \$28.4 million is set out in Section 4.3.1.

5. The Pro forma forecast CY20 EBITDA of \$19.6 million is set out in Section 4.3.1.

6. The Pro forma FY20 EBITDA of \$6.2 million is set out in Section 4.3.1.

Important Dates

Prospectus lodgement date	Tuesday, 29 September 2020
Broker Firm Offer and Priority Offer opens	Wednesday, 7 October 2020
Broker Firm Offer and Priority Offer closes	Tuesday, 13 October 2020
Settlement of the Offer	Tuesday, 20 October 2020
Completion (issue and transfer of Shares)	Wednesday, 21 October 2020
Expected dispatch of holding statements	Thursday, 22 October 2020
Expected commencement of trading on ASX on a normal settlement basis	Friday, 23 October 2020

Note: This timetable is indicative only and may change without notice. Unless otherwise indicated, all references to time are to the time in Sydney, NSW. The Company and SaleCo, in consultation with the Joint Lead Managers, reserves the right to vary any and all of the above dates and times without notice (including, subject to ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as early as possible after the Offer opens.

How to Invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

SECTION ONE

Investment Highlights



1 Investment Highlights

1.1 INTRODUCTION

Topic	Summary	For further information
What is the CleanSpace business?	CleanSpace is an Australian company based in Sydney which designs, manufactures and sells workplace respiratory protection equipment (RPE) for healthcare and industrial end markets.	Section 3.1 and 3.1.2
What is CleanSpace's history?	CleanSpace was founded in 2009 by a team of biomedical engineers and following a successful testing and regulatory approval process launched its first respirator for use in industry in 2010. In 2013, CleanSpace entered the European market, followed by the US market in 2017. In 2018, CleanSpace launched its first healthcare respirator to a global market. In 2019, CleanSpace began business development for South East Asia.	Section 3.1.2
Why is the Offer being conducted?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none">▪ provide financial flexibility to the Company to support growth objectives;▪ repay existing debt;▪ provide a liquid market for certain existing shareholders to realise all or part of their investment in CleanSpace, and an opportunity for others to invest in Shares; and▪ gain the benefits of an increased profile that arises from being a publicly listed entity.	Section 7.1.2

1.2 KEY FEATURES OF CLEANSPACE'S BUSINESS MODEL

Topic	Summary	For further information
How does CleanSpace generate its income? What are its main expenses?	<p>CleanSpace currently generates revenues from the sale of the units and then on an ongoing basis from the sale of consumables, accessories and spares for use with each unit.</p> <p>Historically, CleanSpace has generated approximately 45% of its revenue through the sale of consumables, accessories and spares. The recurring revenue scales with increased customer penetration and use over time.</p> <p>The major expenses of the Company are associated from the cost of goods sold. In addition to these, the Company incurs expenses related to employees, marketing and sales, research and development and IP, and other operating expenses.</p>	Section 3.4.4, 3.4.5 and 4.7.5

Topic	Summary	For further information
What products does CleanSpace sell?	<p>CleanSpace designs, manufactures and sells reusable respiratory protection equipment known as Powered Air Purifying Respirators (PAPRs). CleanSpace's PAPRs are designed for two markets: Healthcare and Industrial.</p> <p>The healthcare respirator is the CleanSpace Halo.</p> <p>CleanSpace's industrial respirators include:</p> <ul style="list-style-type: none"> ▪ CleanSpace2 - Suitable for general working environments; ▪ CleanSpace Ultra - Suitable for eye protection and water tolerance; and ▪ CleanSpace Ex - Intrinsically Safe certified for use in potentially explosive environments. <p>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.</p>	Section 3.3.1 and 3.4.4
Which industry does CleanSpace operate in and what is its size?	<p>CleanSpace is a manufacturer of respiratory protection equipment, specifically PAPRs.</p> <p>The global respiratory protection equipment market was estimated at US\$6.46 billion in 2019, with the industrial end-market accounting for US\$4.36 billion, while the healthcare end-market was estimated at US\$2.10 billion.</p> <p>The COVID-19 pandemic driven demand surge is estimated to result in a 57% year-on-year growth for the healthcare end-market, increasing the total market including industrial to US\$7.44 billion in 2020.</p>	Section 2.5
Who are CleanSpace's competitors?	<p>There are a number of companies that supply respiratory protection products including PAPRs. These include 3M, Honeywell, Draeger, MSA and Maxair.</p>	Section 2.6
How does CleanSpace differentiate itself from its competitors?	<p>CleanSpace respirators deliver a number of beneficial outcomes for employers and users, which are significant considerations for employers with respect to RPE. These benefits when compared against traditional RPE include:</p> <ul style="list-style-type: none"> ▪ High protection; ▪ Lower cost over time; ▪ Reduction of heat stress; ▪ Reusable; ▪ No hoses or belts; ▪ Light, small and easy to use; ▪ Mobile and portable; and ▪ Fast disinfection time. 	Section 3.2.1

1 | Investment Highlights

Topic	Summary	For further information
What is CleanSpace's growth strategy?	<p>CleanSpace has an incremental growth strategy which focuses on continuing to grow on its current position and markets while positioning for and exploring a broad range of additional growth opportunities.</p> <p>CleanSpace's strategy is built on becoming the standard of care for RPE in sophisticated high use sectors. This strategy for growth includes:</p> <ul style="list-style-type: none"> ▪ Continuing to build on the adoption of CleanSpace products in the healthcare and industrial markets to support growth; ▪ Expanding awareness of CleanSpace's products; ▪ Entering new international markets; ▪ Intention to continue to expand and advance the product portfolio; and ▪ Integrated product innovation. 	Section 3.5
How does CleanSpace expect to fund its operations?	<p>Historically, CleanSpace has funded its operations and growth from shareholders' funds, government loans and operating cashflow. The Company intends to fund the business after the Offer partially from the proceeds of the Offer and from operating cashflow.</p>	Section 7.1

1.3 KEY STRENGTHS AND INVESTMENT HIGHLIGHTS

Topic	Summary	For further information
CleanSpace designs, manufactures and sells respiratory protection equipment	<p>CleanSpace is an Australian company based in Sydney which designs, manufactures and sells workplace respiratory protection equipment. CleanSpace was founded in 2009 by a team of biomedical engineers who had previously worked at ResMed a global sleep and respiratory care business.</p> <p>Since establishing CleanSpace, the founders and management have focused on building a strong commercialisation and customer-focused culture, and operations and infrastructure to support a global business.</p>	Section 3.1
There is a large market for respiratory protection equipment	<p>The total Personal Protection Equipment (PPE) market is a large and mature market with growth reliant on employment, which is dependent on activities and airborne hazards in each end-market, safety awareness, workplace safety regulations and enforcement/compliance.</p> <p>The global respiratory protection equipment market was estimated at US\$6.46 billion in 2019, with the industrial end-market accounting for US\$4.36 billion, while the healthcare end-market was estimated at US\$2.10 billion.</p> <p>The COVID-19 pandemic driven demand surge is estimated to result in a 57% year-on-year growth for the healthcare end-market; driving the total market including industrial to US\$7.44 billion in 2020</p> <p>CleanSpace PAPRs are classified as Air Purifying Respirators. Its addressable markets are users of Air Purifying Respirators (and in certain circumstances users of other products such as surgical masks).</p> <p>Air Purifying Respirators include PAPRs, Disposable and Non-disposable Respirators. In 2020, the size of these product markets is estimated to be US\$6.3 billion.</p>	Section 2.5

Topic	Summary	For further information
CleanSpace owns its proprietary technology	<p>CleanSpace develops and owns its proprietary technology and product specifications, processes and know-how. The proprietary technology is valuable given the research and development that has been invested and differentiated design, to create products that provide higher protection, improved compliance and productivity.</p> <p>CleanSpace respirators incorporate features such as miniaturised (size and weight) design and components, smart pressure driven algorithms, intuitive function and unique neck mounted design, to also achieve industry best practice protection. Its patented and award winning design creates a low-profile personal respiratory device for the workplace that delivers benefits including:</p> <ul style="list-style-type: none"> ■ higher respiratory protection and safety for users relative to the other air purifying RPE equipment that is used widely in professional healthcare and industrial environments; ■ its light, low-profile design, and active airflow increases usability and user comfort; and ■ its reusable and modular design makes it cost effective and deployable at volume for employers. 	Section 3.1 and 3.2
CleanSpace products are suitable for a range of applications	<p>CleanSpace has designed and manufactured respirators that address inadequacies in existing RPE. The portfolio of CleanSpace products are suitable for a range of applications in healthcare and industrial environments with customer feedback and market expansion continuing to drive development.</p> <p>The use cases for CleanSpace's respirators include:</p> <ul style="list-style-type: none"> ■ Healthcare markets in hospitals, primary healthcare, laboratory research facilities, vivariums and pharmaceutical which require staff to wear PPE for biological chemical hazards. This includes front line health workers such as respiratory physicians, anaesthetists, ICU and general nursing staff; and ■ Industrial markets in a variety of industry sectors including manufacturing, construction, mining and metallurgy which require workers to have PPE. These activities include welding, sanding, drilling, and handling and transport of chemicals. 	Section 3.1 and 3.3
CleanSpace is growing in a number of regions	<p>CleanSpace is growing and has a diversified revenue base with a relatively even spread across three key regions (North America, Europe, Japan and South-East Asia (including Australia)) and derived from both healthcare and industrial end markets.</p> <p>The Company currently exports to 36 countries and has grown its network to over 150 distributors domestically and internationally. CleanSpace's market coverage strategy is to expand the distribution network to cover new industry sectors and new geographies.</p>	Section 3.4

Topic	Summary	For further information
CleanSpace generates revenue from units sales and consumables, accessories and spare parts	<p>CleanSpace currently generates revenues by:</p> <ul style="list-style-type: none"> ■ offering its products for sale primarily through commercial arrangements with distributors in the healthcare and industrial sectors in domestic and export geographies, utilising their established local technical sales forces and industry specific connections and background; and ■ offering its products for sale directly to healthcare providers in the US, Australia, parts of SE Asia and the UK. <p>Revenue is generated from the sale of the units and then on an ongoing basis from the sale of consumables, accessories and spares for use with each unit.</p> <p>Historically, CleanSpace has generated approximately 45% of its revenue through the sale of consumables, accessories and spares. The recurring revenue scales with increased customer penetration and use over time.</p> <p>The growing proportion of consumables revenue that is classified as recurring in nature combined with enterprise customer retention provides CleanSpace with an attractive financial profile.</p>	Section 3.4
CleanSpace has several arms to its growth strategy	<p>CleanSpace has an incremental growth strategy which focuses on continuing to grow on its current position and markets while positioning for and exploring a broad range of additional growth opportunities.</p> <p>CleanSpace's strategy is built on becoming the standard of care for RPE in sophisticated high use sectors. This strategy for growth includes:</p> <ul style="list-style-type: none"> ■ Continuing to build on the adoption of CleanSpace products in the healthcare and industrial markets to support growth; ■ Expanding awareness of CleanSpace's products. CleanSpace anticipates to deliver near-term expansion from the promotion of its existing products via both distribution channels and its sales team who directly contact healthcare and industrial customers; ■ Entering new international markets. CleanSpace intends to continue to expand its distribution and sales channels by establishing arrangements with new partners in new international markets to further increase sales; ■ Intention to continue to expand and advance the product portfolio. CleanSpace plans to continue to expand its suite of products within the markets it currently operates in and expand its pipeline of products to provide a comprehensive solution-focused range to its end users; and ■ Integrated product innovation. CleanSpace believes innovation and a user centric approach to products will increase engagement with customers. 	Section 3.5

1.4 KEY RISKS

Topic	Summary	For further information
Manufacturing risks	<p>As CleanSpace manufactures its own products, it is exposed to risks of harm caused by natural or man-made disasters (including fire, flooding, pandemics or diseases such as COVID-19), equipment or machinery failure, or operational or human error, and any of these may result in manufacturing disruptions, and the potential to limit, delay or prevent supply of CleanSpace's products to its distributors and customers.</p> <p>CleanSpace intends to commence operations at a new facility in St Leonards, Sydney (in addition to its existing facility in Artarmon, Sydney) in October 2020. Although the new facility is expected to increase production, there are risks associated with establishing and commencing production at a new facility, including that set-up, security, adapting or establishing new procedures and flow do not go as planned.</p> <p>CleanSpace is particularly exposed to the risk that there is a manufacturing failure of its only filter pleater, which is a critical piece of equipment. CleanSpace has ordered an additional pleater, which is expected to arrive in late 2020. Until that time however, if CleanSpace's existing filter pleater were to fail, the Company would have to rely on a finite stock of pleat packs, and if this stock were exhausted, this could adversely impact CleanSpace's operating and financial performance.</p>	Section 5.1.1
Reliance on selling and distribution third parties	<p>CleanSpace relies on third parties to distribute its products domestically and internationally, which means that its revenue and ability to maintain or grow its market share is partly reliant on the ability of these third parties to maintain solid customer relationships on behalf of CleanSpace, and to execute sales efficiently. The actions of these third party distributors are largely out of CleanSpace's control.</p> <p>In addition, there is a risk that the impact of COVID-19 in the markets in which CleanSpace's distributors operate in could adversely affect third party distributors and/or their ability to sell and distribute CleanSpace's products in particular markets. A slowdown, decrease in demand or failure to grow demand from these distributors (including as a consequence of COVID-19) or failure by the distributors to satisfy customers' orders or comply with relevant laws and regulations could adversely impact CleanSpace's operating and financial performance.</p>	Section 5.1.2
Reliance on suppliers	<p>There are three key critical components used by CleanSpace in its production process, being the lithium polymer battery, printed circuit board assembly and micro toroidal motor/fan used in CleanSpace's units. CleanSpace has two suppliers for each of the battery and circuit board. Three of the four suppliers are based in China.</p> <p>If one of its suppliers was to cease or reduce supply, CleanSpace may experience an adverse impact, potentially material, to its operating and financial performance due to a reduction in supply of key components.</p> <p>In addition, the CleanSpace motor/fan is unique and has been specifically designed by CleanSpace for use in CleanSpace's respirators. It is sourced from a single international supplier in China. Any reduction or disruption to the supply of the motor will likely impact CleanSpace's ability to fulfil customers' orders which, in turn, would have an adverse effect on CleanSpace's operating and financial performance.</p> <p>There is a risk that COVID-19 could adversely impact the ability of third party suppliers (domestic and international) to supply CleanSpace with the raw materials and components used in the Company's production.</p>	Section 5.1.3

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Topic	Summary	For further information
Reliance on global inbound and outbound logistics	<p>CleanSpace is heavily reliant on airfreight logistics for inbound and outbound goods from its Sydney operations. During COVID-19, the reduction in commercial flights created uncertainty and long lead times for airfreight transport for its goods. CleanSpace goods have subsequently been given "Priority Status" for inbound and outbound shipping by the Australian Federal Government, which means that CleanSpace's products can be recognised as priority for freight forwarders and customs in offshore markets.</p> <p>There are ongoing risks to transporting CleanSpace components or finished goods within Australia and around the world which may impact CleanSpace's ability to both manufacture and distribute its products, and this may have adverse effects on its operating and financial performance. This includes the uncertainty around airfreight logistic operations globally, if CleanSpace loses its "Priority Status", or any potential changes or disruptions to customs policy or operations in markets where CleanSpace goods are sold.</p>	Section 5.1.4
Product liability and brand reputation	<p>Any defects in CleanSpace's products may harm its workforce, reputation and business. CleanSpace may also be subject to warranty and liability claims for damages related to defects in its products.</p> <p>There may also be adverse events reported from the use, misuse or defect of CleanSpace's products which could expose CleanSpace to product liability claims or litigation, including if its products cause or contribute (or merely appear to have caused or contributed) to the injury or the death of a person using its products. In particular, the healthcare industry has historically been subject to extensive litigation over product liability claims, especially in the US market.</p> <p>Product liability claims may result in substantial litigation costs, product recalls or market withdrawals, decreased sales and demand for CleanSpace products and damage to CleanSpace's reputation, regardless of merit or eventual outcome.</p> <p>If CleanSpace were to suffer or be the subject of one or more significant claims in the future, or be required or elect to undertake certain actions in response to these claims (such as a product recall), such claims or actions could adversely impact CleanSpace's operating and financial performance.</p>	Section 5.1.5
Technological obsolescence	<p>CleanSpace's success will in part depend on its ability to continue to offer services, systems and products that remain current with the potential for future changes in technology, industry regulations and customer preferences. There is a risk that CleanSpace may not be successful in addressing these developments in a timely manner.</p> <p>In addition, new products or technologies (or alternative systems) developed by third parties may supersede CleanSpace's product offering. Notwithstanding, CleanSpace has dedicated resources to develop its technology and products in order to maintain its competitive position, should new or existing competitors develop products or technologies that match or supersede the Company's current product offering there is a risk that CleanSpace experiences a loss of existing, or inability to attract new customers, and damage to CleanSpace's reputation. This may have a material adverse impact on the operations and financial performance of CleanSpace.</p>	Section 5.1.6

Topic	Summary	For further information
Competitors and new market entrants	<p>CleanSpace operates in an environment where it is possible that new entrants or existing competitors may innovate and introduce new products to the market, deliver a similar or superior solution and customer offering to that currently offered by CleanSpace, or, subject to competition law constraints, combine with other providers to deliver enhanced scale benefits with which CleanSpace is unable to compete with effectively. In such circumstances, there is a risk that CleanSpace is unable to compete successfully against existing or new competitors, which may cause the Company's business and financial performance to be harmed.</p>	Section 5.1.7
Protection of intellectual property	<p>If CleanSpace's intellectual property (IP) and proprietary technology are not adequately protected, new or existing competitors may be able to use the technologies developed or goodwill built by CleanSpace and erode or negate any competitive advantage CleanSpace may have, which could harm CleanSpace financially. There is also a risk that the validity, ownership or authorised use of CleanSpace's intellectual property may be successfully challenged by third parties.</p> <p>A breach of CleanSpace's intellectual property rights may result in the need to commence legal action, including infringement proceedings, which could be costly and time consuming and distract Management/Board away from the business. A failure or inability by CleanSpace to protect its intellectual property rights could have an adverse impact on its business, operations and financial performance.</p> <p>CleanSpace relies on protecting its trade secrets, especially with regard to its airflow/pressure control design and manufacturing processes. Although CleanSpace implements reasonable endeavours to protect its trade secrets, these measures may not always be sufficient to protect its trade secrets. CleanSpace may not be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret. CleanSpace also cannot be certain that others will not independently develop similar technologies on their own, gain access to CleanSpace's trade secrets or have disclosed to them such technologies. This could allow competitors to commercialise products in competition with CleanSpace's products and erode its competitive advantage.</p> <p>CleanSpace is currently involved in a patent dispute, as described in section 10.10.1 and a trademark dispute as described in section 10.10.2.</p>	Section 5.1.8
Counterparty risk	<p>CleanSpace has entered into a number of commercial agreements and arrangements with third parties. There is a risk that the counterparties may not meet their obligations under those agreements or arrangements, or comply with the laws and regulations which apply to those counterparties in the relevant jurisdictions.</p> <p>Financial failure, default or contractual non-compliance by such third parties, or a failure by those third parties to comply with relevant laws and regulations, may have a material impact on the operations and financial performance of CleanSpace.</p>	Section 5.1.9

Topic	Summary	For further information
Infringement of intellectual property	<p>CleanSpace may, from time to time, be subjected to infringement claims or litigation arising out of patents and pending applications for additional proceedings initiated by third parties, the US Patent and Trademark Office, the European Patent Office, or other intellectual property regulators to re-examine or oppose CleanSpace's patents. The defence and prosecution of intellectual property rights lawsuits, proceedings, and related legal and administrative proceedings are costly and time-consuming to pursue, and their outcome is uncertain.</p> <p>If CleanSpace infringes the rights of third parties, CleanSpace could be prevented from selling its products and be forced to defend litigation proceedings and pay damages. Further, there is always a risk of third parties claiming involvement in, or ownership of, CleanSpace's intellectual property. These third parties could potentially include former employees and contractors of CleanSpace or unrelated third parties who have developed products and services that are substantially similar to those offered by CleanSpace.</p> <p>In such circumstances, CleanSpace may be the subject of claims, disputes or litigation which could require it to incur significant expenses even if CleanSpace is able to successfully defend or settle such claims. This in turn could have an adverse impact on CleanSpace's operations, reputation and financial performance.</p>	Section 5.1.10
Litigation, claims and disputes	<p>CleanSpace may be subject to litigation and other claims and disputes in the course of its business, including disputes involving customers, suppliers, distributors, employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. There is a risk that any such litigation, claims and disputes could materially and adversely affect CleanSpace's business, operations and financial performance, including the costs of settling such claims and the effect on CleanSpace's reputation.</p>	Section 5.1.11
Legal and regulatory framework	<p>CleanSpace is subject to various laws and regulations in the jurisdictions in which the business operates. CleanSpace believes it has or is in the process of obtaining all the authorisations, certifications and approvals required to conduct the business in the jurisdictions in which it does or intends to operate. However, there is a risk that it does not have or is unable to obtain these authorisations, certifications and approvals which could adversely impact CleanSpace's financial and operational performance.</p> <p>The introduction of new laws and regulations may result in increased expenses for the Company, as it establishes new compliance procedures, retrains its employees and reviews or redevelops products. There is a risk that CleanSpace will not always be in full compliance with all applicable laws, which may result in significantly increased compliance costs, cessation of certain business activities or the ability to conduct business, litigation or regulatory enquiry or investigation and significant reputational damage. There is also a risk that regulatory interpretations may change over time.</p>	Section 5.1.12

Topic	Summary	For further information
Managing growth and executing growth strategies	<p>CleanSpace's ability to manage its current, and achieve its anticipated, growth is dependent on the successful implementation of its growth strategies in an effective and timely manner, including establishing, achieving and maintaining the increased production outputs CleanSpace anticipates it will obtain from its new facility in St Leonards. There are risks associated with the implementation of these plans, including the transitioning risks regarding the new facility, and a risk that these plans may not be successful, or may take longer or cost more than anticipated, which may adversely affect CleanSpace's operating and financial performance.</p> <p>There is also a risk that demand for respiratory products like those CleanSpace produces may not continue to grow, or that a portion of CleanSpace's current level of growth is a function of COVID-19 and will not be sustained.</p>	Section 5.1.15
Geographical risks	<p>CleanSpace, its supply chain and its products are subject to the risks associated with doing business internationally. Unexpected changes in regulatory requirements including taxation, tariffs, customs, duties and other trade barriers, longer payment cycles, problems in collecting accounts receivable, political instability, fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, export and import restrictions or prohibitions, and potentially adverse tax consequences may all affect CleanSpace and any of these could adversely impact on the success of the Company's international operations and its operating and financial performance.</p> <p>As CleanSpace expands the sales of its products geographically into new international jurisdictions, it is subject to the risks associated with conducting its business in those regions, which include adapting to, and complying with, the differing laws and regulations in foreign countries. A breach of the laws or regulations could result in fines or penalties, the payment of compensation or the cancellation or suspension of CleanSpace's ability to carry on certain activities or product offerings. It could also have an adverse effect on CleanSpace's operating and financial performance.</p>	Section 5.1.17
General risks	<p>This Prospectus also includes general risks to an investment in the Company, including:</p> <ul style="list-style-type: none"> ▪ that trading in shares might not be liquid; ▪ that currency movements may be unfavourable; ▪ general economic and financial market conditions; and ▪ risk of shareholder dilution. 	Section 5.2

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1.5 KEY FINANCIAL INFORMATION

Topic	Summary							
What is CleanSpace's historical and forecast financial performance?	\$millions		Pro forma Historical				Pro forma Forecast	Statutory Forecast
		Note	FY18	FY19	CY19	FY20	CY20	CY20
	Revenue		7.8	11.2	13.9	28.4	52.9	52.9
	Cost of sales		(2.4)	(3.5)	(4.4)	(7.4)	(13.2)	(13.2)
	Gross Profit		5.4	7.7	9.5	21.0	39.7	39.7
	Other Income	1	1.4	1.1	1.0	1.0	1.0	1.0
	Employee benefits expense		(3.6)	(4.7)	(5.9)	(8.5)	(11.7)	(11.4)
	Marketing and sales expenses		(1.9)	(2.6)	(2.5)	(2.6)	(4.2)	(4.2)
	R&D and IP expenses		(1.4)	(1.0)	(1.2)	(1.5)	(1.7)	(1.7)
	Other operating expenses		(2.3)	(2.8)	(2.9)	(3.2)	(3.5)	(3.7)
	Total Operating Expenses		(9.2)	(11.1)	(12.5)	(15.8)	(21.1)	(21.0)
	EBITDA		(2.4)	(2.3)	(2.0)	6.2	19.6	19.7
	Depreciation and amortisation	2	(0.3)	(0.4)	(0.4)	(0.5)	(0.7)	(0.7)
	EBIT		(2.7)	(2.7)	(2.4)	5.7	18.9	19.0
	Finance income/ (costs) net	3	-	-	-	-	(0.1)	(0.2)
	Profit before tax		(2.7)	(2.7)	(2.4)	5.7	18.8	18.8
	Income Tax Expense		-	-	-	(0.9)	(4.2)	(4.4)
	NPAT		(2.7)	(2.7)	(2.4)	4.8	14.6	14.4

For further information, see Section 4.3

Topic	Summary	For further information
What is CleanSpace's dividend policy?	The Directors have no current intentions of declaring or paying dividends in the short to medium term, as it is their intention to reinvest cash earnings back into the Company to further develop the business. The CleanSpace Board will review this policy as appropriate and the declaration and amounts of any dividends are at the sole discretion of the CleanSpace Board. In making a decision concerning dividends, the CleanSpace Board will take into account CleanSpace's earnings for the period, future capital requirements and other relevant factors such as the outlook of the Company.	Section 4.9

1.6 BOARD AND MANAGEMENT

Topic	Summary	For further information
Who are the Directors of CleanSpace?	<p>The Directors of the Company are:</p> <ul style="list-style-type: none"> Dr Ronald Weinberger, Independent Chairman and Non-executive Director; Dr Alexandra Birrell, Executive Director and Chief Executive Officer; Dan Kao, Executive Director and Director of Operations; Craig Lawn, Independent Non-executive Director; and William Highland, Non-executive Director (not independent). 	Section 6.1

Topic	Summary	For further information
Who are the Senior Management of CleanSpace?	<p>The senior management team includes:</p> <ul style="list-style-type: none"> Dr Alexandra Birrell, Executive Director and Chief Executive Officer; Elizabeth Harvey, Chief Financial Officer and Company Secretary; Dan Kao, Executive Director and Director of Operations; Alex Virr, Chief Technology Officer; and Jon Imms, Global Sales Director. 	Section 6.2

1.7 SIGNIFICANT INTEREST OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Topic	Summary					
Who are the Existing Shareholders and what will be their interest in CleanSpace at Completion?	Director	Shares held on the Prospectus Date	% held at the Prospectus Date	Shares acquired in the Offer	Shares held at Completion	% of Shares held on Completion of the Offer
	Non-executive directors	1,171,110	1.6	32,880	1,181,240	1.5
	Key Management	8,054,842	11.1	0	6,985,984	9.1
	Other employees	2,443,726	3.4	17,010	2,316,881	3.0
	CVC	11,437,182	15.8	0	10,007,535	13.0
	Acorn	10,845,290	15.0	1,950,113	6,080,863	7.9
	Other Existing Shareholders	38,532,226	53.2	0	22,655,602	29.4
	Other IPO investors	0	0.0	27,791,418	27,791,418	36.1
	Total	72,484,376	100.0	29,791,421	77,019,523	100.0

For further information, see Section 7.1.4.

What significant benefits and interests are held by or payable to Directors connected with CleanSpace or the Offer?		Shares held on the Prospectus Date	% of Shares held at the Prospectus Date	Shares held at Completion	% of Shares held on Completion of the Offer	Value ² of Options held on Completion ³
	Director					
	Dr Ron Weinberger	27,778	0.0	50,454 ¹	0.1	\$120,000
	Dr Alex Birrell	3,292,897	4.5	2,798,962	3.6	\$264,565
	Dan Kao	2,814,088	3.9	2,530,000	3.3	\$82,102
	Craig Lawn	991,667	1.4	1,001,871 ¹	1.3	\$120,000
	William Highland	151,665	0.2	128,915	0.2	\$120,000
	Total	7,278,095	10.0	6,510,202	8.5	

Notes:

- Includes shares acquired in the IPO.
- The value of the Options for this purpose is their fair value at the date the Options are granted determined using usual and market standard option valuation methodology.
- Certain key executives and the Non-Executive Directors of the Company will be granted Options under the Equity Incentive Plan as part of the Offer (refer to sections 6.3.7.2 and 6.3.7.1 respectively).

For further information, see Section 6.3.

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Topic	Summary	For further information
Will any Shares be subject to restrictions on disposal following Completion?	<p>At Completion of the Offer, 54.9% of the Shares will be subject to voluntary escrow. In relation to the Shares held by Existing Shareholders at Completion², 89.5% of those Shares will be subject to voluntary escrow arrangements. Each Escrowed Shareholder has agreed to enter into an Escrow Deed in respect of their Shareholding on Completion of the Offer, which restricts them from dealing with their respective Escrowed Shares for the applicable Escrow Periods as described in Section 10.8.</p> <p>² Excluding Shares acquired in the IPO</p>	Section 10.8
Will there be a controlling interest in the Company?	<p>At Completion of the Offer, major shareholders CVC and Acorn will hold approximately 13.0% and 7.9% of total shares on issue respectively.</p> <p>In addition to the two major shareholders, Board members and Key Management will hold in aggregate approximately 10.6% of shares on issue in the Company.</p>	Section 7.1.4
Are there any other related party arrangements in place?	Other than as disclosed in this Prospectus, CleanSpace is not party to any material related party arrangements.	Section 6.3.8

1.8 PROPOSED USE OF FUNDS AND KEY TERMS AND CONDITIONS OF THE OFFER

Topic	Summary	For further information
Who are the issuers of the Prospectus?	CleanSpace Holdings Limited (ACN 150 214 636) and CleanSpace SaleCo Limited (ACN 644 236 304).	Section 10
What is SaleCo?	SaleCo is a special purpose vehicle established to enable Existing Shareholders to sell part or all of their investment in the Company on Completion.	Section 10.4
What is the Offer?	<p>The Offer is an initial public offering of 29.8 million Shares that will in part be new Shares issued by the Company, and in part, Existing Shares sold by SaleCo. The offer of new Shares will raise \$20.0 million. The offer of Existing Shares will raise \$111.4 million which will be paid to the Selling Shareholders (less costs) for the transfer of the Sale Shares.</p> <p>The Shares to be issued and sold as part of the Offer will represent 38.7% of the Shares on issue at Completion.</p> <p>All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all Existing Shares.</p> <p>Successful Applicants under the Offer will pay the Offer Price, being \$4.41 per Share.</p>	Section 7.1

Topic	Summary	For further information
What is the proposed use of funds raised under the Offer?	<p>Funds raised from the issue of New Shares under the Offer (totalling approximately \$20 million) will be applied by CleanSpace as follows:</p> <ul style="list-style-type: none"> provide financial flexibility to the Company to support growth objectives; repay existing debt; provide a liquid market for certain existing shareholders to realise all or part of their investment in CleanSpace, and an opportunity for others to invest in Shares; gain the benefits of a further increased profile that arises from being a publicly listed entity; and pay the costs of the Offer. 	Section 7.1
Will the Shares be quoted on the ASX?	<p>CleanSpace has applied to the ASX for admission to the Official List and quotation of Shares on the ASX under the code CSX.</p> <p>Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 7.2
How is the Offer structured?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> the Broker Firm Offer, which is open to Australian retail clients of Brokers who have received a firm allocation from their Broker; the Priority Offer, which is only open to investors in Australia nominated by the Company; and the Institutional Offer, which consists of an offer to Institutional Investors in Australia. 	Section 7.1.1
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers.	Section 7.2
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer was determined by the Joint Lead Managers in consultation with CleanSpace, having regard to the allocation policies outlined in Sections 7.3, 7.4 and 7.5.</p> <p>For Broker Firm Offer Applicants, the relevant Broker will decide how they allocate Shares among their retail clients.</p> <p>The Joint Lead Managers and the Company have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate a lesser number of Shares than applied for. The Joint Lead Managers and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p>	Section 7.3, 7.4 and 7.5

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Topic	Summary	For further information
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisitions of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	<p>You may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in Shares will depend upon your particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> <p>Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 10.11.</p>	Section 10.11
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about Thursday 22 October 2020.	Section 7.2
How can I apply for Shares?	<p>You may apply for Shares by completing a valid Application Form (attached to or accompanying this Prospectus).</p> <p>To the extent permitted by law, an Application under the Offer is irrevocable.</p>	Section 7
Can the Offer be withdrawn?	<p>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	Section 7.9
When can I sell my Shares on ASX?	<p>It is expected that the despatch of the holding statements will occur on Thursday 22 October 2020 and trading of the Shares on ASX will commence on or about Friday 23 October 2020.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p>	Section 7
Where can I find more information about this Prospectus or the Offer?	<p>All enquiries in relation to this Prospectus should be directed to the CleanSpace Offer Information Line on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) from 8.15am to 5.30pm AEST, Monday to Friday (Business Days only) during the Offer Period.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>	Section 7.2

SECTION TWO

Industry Overview



2 Industry Overview

2.1 INTRODUCTION

2.1.1 Background

CleanSpace is a manufacturer of respiratory protection equipment, specifically Powered Air Purifying Respirators (**PAPRs**), which are used in a variety of healthcare and industrial applications.

PAPRs are specialised respirators that come equipped with blowers, filters, respirator hood or face-pieces, and breathing tube assemblies. The blower provides an air flow, the filter removes contaminants, and air is then delivered to the wearer.

2.2 RESPIRATORY PROTECTION PRODUCTS

2.2.1 Overview¹

Respiratory protection products are a category of PPE that provide breathable air when there are harmful airborne contaminants such as dust, fumes, pathogens, smoke, gases, and vapours and/or a lack of oxygen.

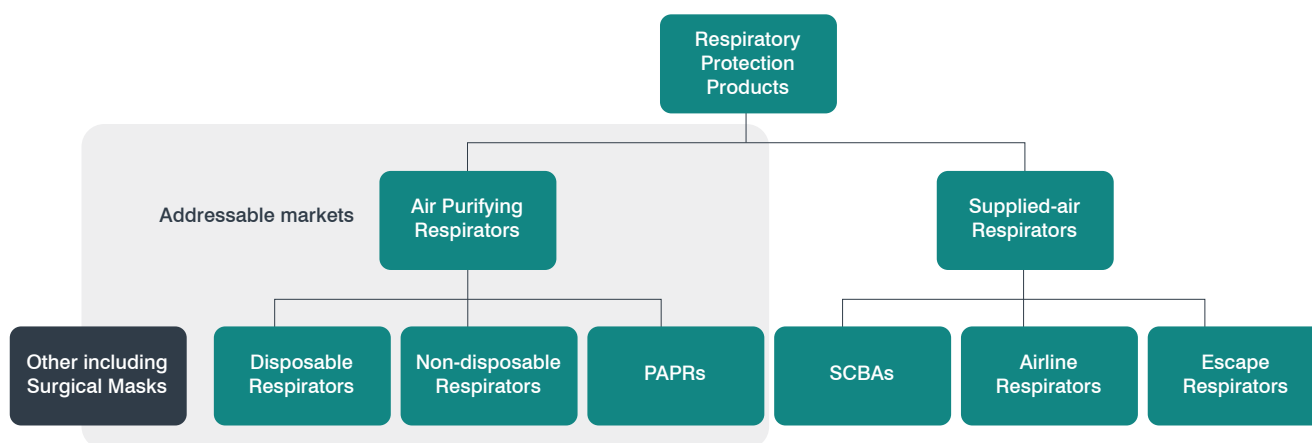
By product type, the market is segmented into:

- Air Purifying Respirators including disposable and non-disposable respirators and Powered Air Purifying Respirators
- Supplied Air Respirators including self-contained breathing apparatus, airline respirators and escape respirators

In addition other safety products such as surgical masks are often used for protective purposes but do not have the same protection for the wearer as regulated respiratory protection devices.

CleanSpace PAPRs are classified as Air Purifying Respirators. Its addressable markets are users of Air Purifying Respirators and in certain circumstances users of other products such as surgical masks.

FIGURE 1: TYPE OF RESPIRATORY PROTECTION PRODUCTS



¹ This Section 2 is intended to provide an overview of the industry in which CleanSpace operates in. This Section 2 discusses the whole industry and is not specific to CleanSpace. As set out in the Important Notices the information in this Section 2 has been substantially derived from the Independent Market Report by Frost & Sullivan that was commissioned by CleanSpace for the purposes of the Offer.

2.2.2 Respiratory Protection Products Overview

The following figure summarises the key product types.

FIGURE 2: DESCRIPTION OF RESPIRATORY PROTECTION PRODUCTS

OTHER	AIR PURIFYING RESPIRATORS			SUPPLIED AIR RESPIRATORS
	Disposable respirators: – N95 respirators – Valved or non-valved	Reusable Respirators Elastomeric	Active (motor/fan provides airflow) to maintain a positive pressure mask/hood Includes blowers (motor/fan), battery packs, filters, hood/face-pieces, and breathing tube assemblies Significantly higher level of protection than negative pressure masks for two reasons: 1. Tested and certified with HEPA filters (filtration efficiency 99.97% or above for particles 0.3 microns or above) and 2. Positive pressure in the mask overcomes mask leak by preventing contaminated air entering the breathing zone Must conform to territory respiratory protection standards (such as the US National Institute for Occupational Safety and Health (NIOSH)) Typically used in industry, Part of CDC/WHO guidelines for aerosol generating procedures for healthcare PPE With the full face mask, rated at higher protection (than N95) and have mask options to provide both respiratory and eye/face protection	Powered Air Purifying Respirators (PAPRs)
<ul style="list-style-type: none"> Surgical or medical masks Protects the patient from staff exhaled microbes and specially worn in sterile fields or operating theatres to prevent patient infections Disposable Not certified for respiratory protection of the wearer For healthcare, must also conform to territory standards for medical use i.e. FDA or TGA Not part of CDC/WHO guidelines for aerosol generating procedures for healthcare PPE Used broadly in the community during the COVID-19 pandemic to minimise spread from the wearer exhaled droplets Healthcare use only. Not used in industry 	<ul style="list-style-type: none"> Passive (no active airflow) or negative pressure Disposable Comprise of media with a filtration efficiency of 95% Relies on a secure seal on the face to provide protection Only protects against particulate matter (i.e. dust and pathogens) Must conform to territory respiratory protection standards (such as the US National Institute for Occupational Safety and Health (NIOSH)) For healthcare, must also conform to territory standards for medical use i.e. FDA or TGA Part of CDC/WHO guidelines for aerosol generating procedures for healthcare PPE. N95 label distinguishes the respirators from simple dust masks that do not conform to any standards Disposable masks can be non-valved or have a valve for the exhaled air. Valved masks reduce heat build-up to improve wearer comfort Only non-valved are used in healthcare settings 	<ul style="list-style-type: none"> Reusable Respirators Elastomeric Passive (no active airflow) or negative pressure mask Reusable Replaceable cartridge attachments which include particle (HEPA) and gas Different mask options (half and full face) Conform to territory respiratory protection standards (such as the US National Institute for Occupational Safety and Health (NIOSH)) Typically used in industry, Part of CDC/WHO guidelines for Aerosol Generating Procedures (AGP) for healthcare PPE With the full face mask, rated at higher protection (than N95) and have mask options to provide both respiratory and eye/face protection 	<ul style="list-style-type: none"> Self-contained Breathing Apparatus (SCBA) Airline Respirators Escape or Self Rescue devices Devices that supply breathable air to the wearer in immediately Dangerous to Life or Health (IDLH) environments SCBA: Equipped with a high-pressure tank, a pressure regulator, and a face-piece. Used by firefighter PPE programs. SCBAs are always worn with tight-fitting full face masks Airline: Provides air from a stationary source. Suitable for environments where the worker is in a fixed location or not able to carry a breathable source of air. Either constant-flow or pressure-demand. They are used with tight- or loose-fitting headpieces Escape/Self Rescue: Includes a breathing gas cylinder, chemicals producing oxygen or a combination of the two. Required in dangerous conditions (e.g. mining), to escape in an emergency, a leak of methane, hydrogen sulphide or other dangerous gases. Typically single use and worn for a short duration 	    

2.3 RESPIRATORY PROTECTION APPLICATIONS

2.3.1 User Applications

Respiratory protection products have applications in two end-markets: healthcare and industrial

2.3.2 Healthcare Applications

The use of respiratory protection products in the broader healthcare setting has become more prominent due to the COVID-19 pandemic. The following figure 3 provides examples of activities and end segments.

FIGURE 3: HEALTHCARE APPLICATIONS

HEALTHCARE	
Activities	End Segments
<p>Activities in healthcare markets that require staff to wear PPE to perform high risk procedures (AGPs) and/or work in treatment areas with patients with or suspected of carrying infectious disease.</p> <p>Hospital, community services, ambulance/transport and aged care settings (in clinical areas with patient contact, operation theatres (OTs), radiology, endoscopy, emergency departments, intensive care unit (ICUs), isolation wards, etc.), as well as in a diverse range of primary healthcare settings.</p> <p>Staff in these occupations are considered at higher risk due to the requirement for close and repeated contact with patients and required to perform high risk procedures, or AGPs such as intubation.</p>	<ul style="list-style-type: none"> Frontline health workers such as respiratory physicians, anaesthetists, intensive care specialists, surgeons, consultants, general nursing staff, operating theatre staff, infection control staff, and central sterilising and reprocessing; There is considerable use of surgical masks by staff and patients to counter transmission from the wearer. Surgical masks reduce transmission of aerosols when the wearer talks or coughs; and First responders such as ambulance staff and paramedics also require respiratory protection equipment.
LIFE SCIENCES	
Activities	End Segments
<p>There are activities in adjacent health related markets which require staff to regularly use PPE in their work.</p> <p>This is relevant to the growing pharmaceutical and research, vivariums and laboratories sectors.</p>	<ul style="list-style-type: none"> Pharmaceutical industry. PAPRs are used when handling anti-neoplastics, antibiotics, biologics, aerosolised drugs and hormonal drugs or chemicals used in production process; R&D facilities and laboratories. Researchers and technicians work with various agents and biological material during the process of product handling and carrying out experiments; and Vivariums. Urine of rats and mice is the main source of allergenic proteins that can enter the respiratory tract of laboratory animal care workers. Developing allergy is a common occupational hazard for workers exposed to laboratory animals. Such workers are at risk for developing occupational asthma, contact dermatitis or urticaria, rhinitis, and conjunctivitis, due to components of the urinary protein of rats and mice being the major allergens involved in these illnesses.

Increasing awareness of the need for high levels of protection: Whilst N95 masks are widely used in healthcare sites, disposable negative pressure masks suffer from significant limitations including:

- Low or inadequate protection due to ineffective face seal; or no protection (in the case of surgical mask);
- Unsatisfactory fit;
- Discomfort, heat stress, breathing resistance and fogging of eye wear;
- Problems with communicating;
- Overall compliance;
- High costs due to high turnover;
- Disposable product and poor fit requires high inventory levels and the risk of supply shortages when usage spikes; and
- Effort and cost of disposal increases during periods of high use, creating a massive challenge in terms of safe and cost-effective disposal; thus presenting significant sustainability issues.

As a result of these limitations, PAPRs are becoming a viable option in healthcare since they deliver high protection, support longer use through powered/fresh air, do not result in fogging, and are reusable. However, conventional PAPRs are heavy, bulky, cumbersome, complex, difficult to clean and maintain, and more expensive making widespread deployment to many/all staff impractical in both healthcare and industrial applications.

The Impact of Respiratory Outbreaks

During a major health outbreak such as SARS, the changing demands on health systems are felt quickly, giving little time for hospital preparedness policies to be implemented and resources scaled up. This leaves existing resources to bear the brunt of the first waves of an outbreak.

During these times when the health and commitment of healthcare teams are pivotal to management and containment strategies, PPE plays a central role.

“The people at greatest risk for SARS were health workers who either became infected by close face-to-face contact with patients or by procedures that brought them into contact with respiratory secretions,” according to WHO.

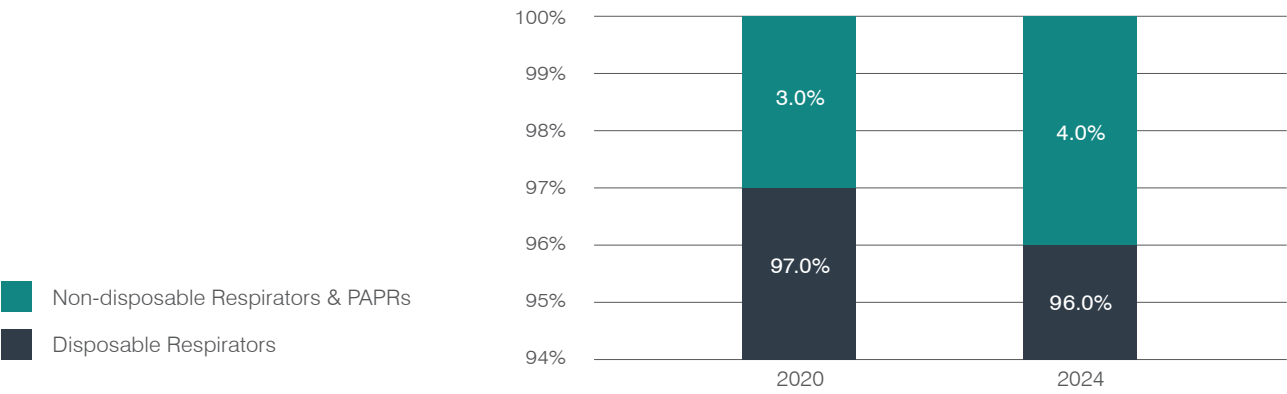
The rate of infected healthcare workers of all patients during the SARS pandemic was 19% in China, 22% in Hong Kong, 20% in Taiwan, 43% in Canada, and 41% in Singapore. However in Vietnam, where the national rate was 58%, one hospital reported no healthcare worker infections. This hospital attributes this outcome to staff use of PPE such as respirators.

The occurrence of outbreaks and epidemics, and in particular recent experience with COVID-19, has highlighted the requirement for PPE with an increased focus on the appropriate level and type of respiratory protection

Long term Outlook: Global population growth, pollution and urbanisation, maturing of economies and healthcare systems in previously developing regions and the aging population trend are likely to underpin chronic disease prevalence and demand for healthcare services. By 2025, one out of every 10 people worldwide will be older than 65 years and most developed countries will have reached hyper-aging status, meaning that 20% or more of their total population will be over the age of 65.

Figure 4 shows the global healthcare respiratory protection equipment market by major product type in 2020 and the estimated split in 2024. There is a clear shift toward higher protection respiratory products. As a result, PAPRs are expected to enjoy higher than total market growth.

FIGURE 4: HEALTHCARE RESPIRATORY PROTECTION EQUIPMENT MARKET, BY MAJOR PRODUCT TYPE, 2020 AND 2024



Note: Disposable Respirators include N95 respirators and surgical masks (which offer far lower protection than N95 respirators).

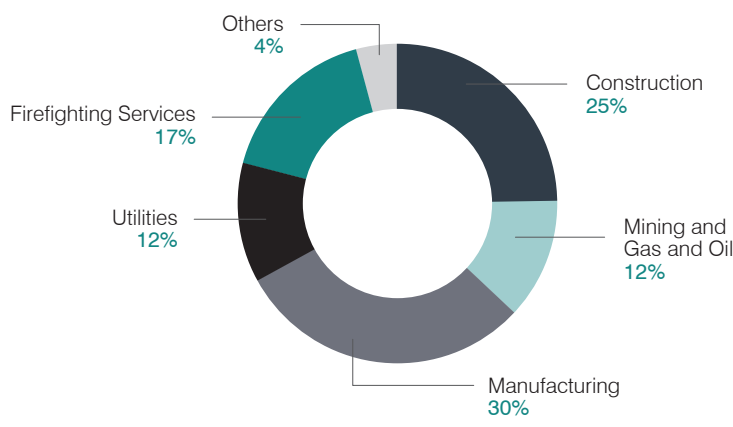
2.3.3 Industrial Applications

There is widespread need for respiratory protection products in industrial settings. The following figures provide examples of activities and end segments.

FIGURE 5A: INDUSTRIAL APPLICATIONS

INDUSTRIAL	
Activities	End Segments
Activities that necessitate the use of respiratory protection equipment include: welding, smelting, sanding, grinding, machining, drilling, sandblasting, spraying, coating, plating, refining, boiling, spillage clean-up, storage, handling and transport of chemicals.	<ul style="list-style-type: none">ManufacturingConstructionFirefighting servicesUtilitiesMining, oil and gasOther including infrastructure, transport, food processing and agriculture, timber and paper, cleaning and maintenance and wastewater

FIGURE 5B: INDUSTRIAL RESPIRATORY PROTECTION EQUIPMENT MARKET, BY MAJOR END-SEGMENT, 2020



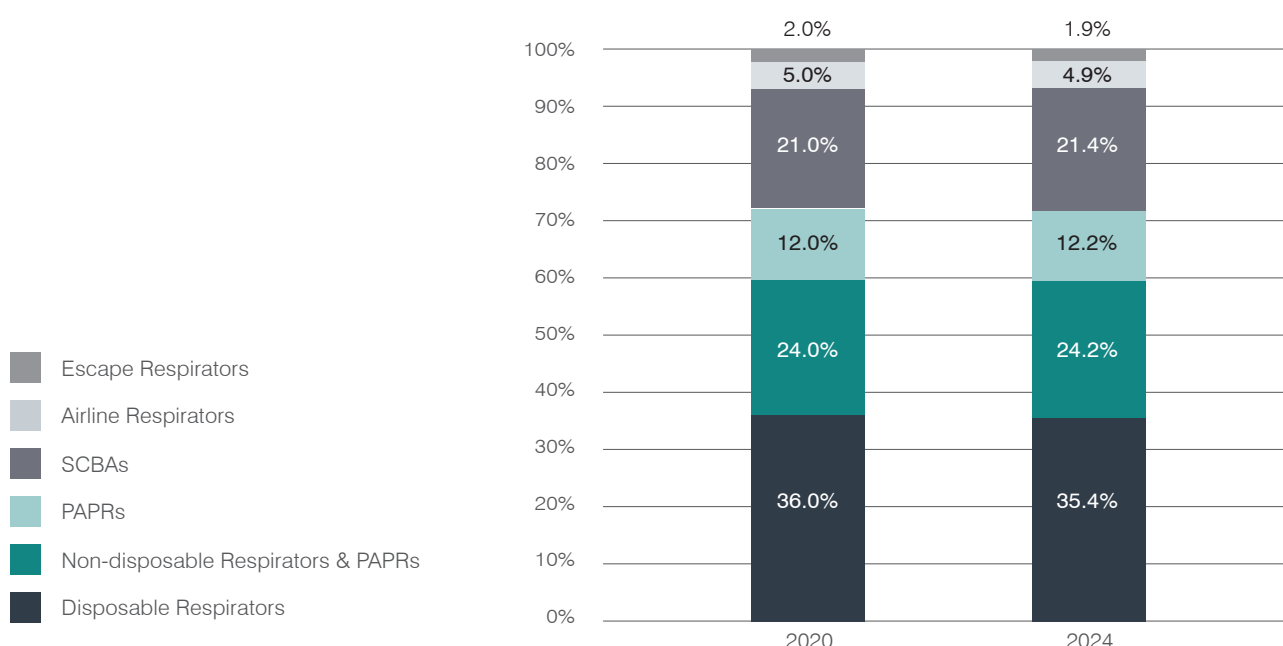
Protection against respiratory disease: One of the most significant reasons of uptake of respiratory protection equipment in the industrial sector is the need to mitigate the risk of respiratory diseases acquired or aggravated in the workplace. Occupational lung diseases are the primary cause of occupation-related deaths globally.

Respiratory diseases such as silicosis, asbestosis, black lung, welder's lung and mesothelioma are caused by inhaling various types of dust, gases or fibre over time that cause scarring of lung tissue and permanent damage. For example:

- asbestos exposure is the leading cause of work-related deaths in the world with around 90,000 deaths from asbestos-related diseases globally every year;
- 2.3 million workers in the US are exposed to silica (2 million in construction and 300,000 in other industries); and
- approximately 110 million people globally are exposed to welding fumes either as welders or as bystanders.

Despite being banned in many parts of the world, some dangerous materials (e.g. asbestos) continue to pose a risk since large amounts of these materials remain in the built infrastructure. In addition, newer activities (e.g. artificial stone/engineered stone manufacturing) are posing a high risk of lung diseases that are traditionally associated with traditional mining and quarrying activities. Even after a cessation of high risk exposure, some diseases have shown rapid deterioration on lung function in patients. This further highlights the need for maximum protection for workers.

FIGURE 6: INDUSTRIAL RESPIRATORY PROTECTION EQUIPMENT MARKET, BY MAJOR PRODUCT TYPE, 2020 AND 2024



2.4 KEY MARKET DRIVERS

The key trends supporting growth in the respiratory protection equipment market are described in more detail below:

Heightened risk of respiratory outbreaks: By 2030, nearly 60% of the global population will reside in urban areas. This urbanisation – resulting in the densification of urban hubs and the creation of mega cities and mega regions, as well as globalisation – accelerated by trans-continental air travel – hastens the spread of airborne infections.

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In addition, the risk of biological warfare or a bioterrorist attack has increased significantly since the know-how and capability to develop and use biological weapons is more readily accessible to rogue states and terror groups today than at any other time in the past.

Further, the aging trend (by 2025, one out of every ten people worldwide will be older than the age of 65 years) expands the at-risk group even further. Finally, the rise in the number of refugees and internally displaced persons aggravates the risks related to respiratory outbreaks.

Combined, these factors increase the risk of respiratory outbreaks and drive both short-term demand for respiratory protection equipment, as well as long-term demand (to ensure ongoing and future pandemic preparedness). For example, the US Strategic National Stockpile is an initiative to supplement state and local supplies (including PPE) to address public health emergencies.

Whilst this driver has the most impact in healthcare and supporting services (police and military) applications, it is also relevant to consumer and industrial applications. The COVID-19 pandemic, like the SARS outbreak, raised public and enterprise awareness of respiratory protection. An outbreak heightens sharp demand from consumers for disposable masks through both panic buying and implementation of government pandemic policies (mandatory mask wearing). For enterprises, outbreaks expose their operations to PPE shortages and they respond with increased purchases or switching to reusable models.

COVID-19 impact

As the COVID-19 pandemic has demonstrated, despite repeated threats to public health from major respiratory outbreaks and epidemics in the recent past (for example SARS, Ebola, and MERS), preparedness has been found wanting across most jurisdictions globally.

Apart from a range of other measures to respond to an outbreak, the safety of frontline healthcare workers is crucial to ensuring an effective tracing and treatment response to minimise impact on the broader community, as well as in ensuring protection of healthcare workers themselves. According to analysis by the International Council of Nurses (ICN) in June 2020, 7% of all COVID-19 cases worldwide were among healthcare workers. This puts healthcare workers at significant personal risk and compromises the safety of patients they care for.

The lack of preparedness has resulted in rapidly exhausted PPE inventories, local and central stockpiles and an extended backlog for delivery of new stock. This has triggered significant ramp-up in manufacturing capacities amongst PPE suppliers. For example, in January 2020, 3M announced that it was doubling its global production output of N95 respirators to a rate of 1.1 billion per year and that it was partnering with Ford to increase its PAPR production by six-fold within the next 60 to 90 days. UNICEF projects that 2020 COVID-19-related demand could reach 2.2 billion surgical masks globally.

China, the major supplier of healthcare PPE globally, being the first affected by COVID-19, had to reduce exports and also import heavily from other countries (imports of surgical and N95 masks jumped nearly 2,200% in February 2020 as compared to the previous year's monthly average), resulting in a global shortage of healthcare PPE. Despite China having subsequently recovered enough to ramp up PPE production and exports, governments and health authorities around the world are now focused on developing domestic manufacturing capabilities to meet their own demand.

Volunteer and non-traditional manufacturers - who had stepped in to manufacture some PPE products to alleviate the shortages - are expected to go back to their core business some time in 2021. Whilst market leading healthcare PPE manufacturers have ramped up capacities, it is also expected that the market will continue to see new entrants as well. Incidents of counterfeit and substandard PPE products entering the market have been on the rise through 2020, creating safety concerns among healthcare workers, patients and other consumers and prompting regulators to increase oversight.

This situation has also prompted governments to reassess PPE procurement and inventory management approaches. Significantly, the nature and high risk of infection has triggered a shift to higher protection levels for high risk groups (such as healthcare workers and mobile teams); a trend that is expected to support increased share for PAPRs (at the expense of surgical and N95 masks).

Chronic respiratory disease burden: Globally, the prevalence of chronic respiratory disease increased 40% between 1990 and 2017. Deaths due to chronic respiratory disease increased 18% over the same period. Globally, chronic obstructive pulmonary disease (**COPD**) is ranked third amongst leading causes of death (after heart disease and stroke), whilst lower respiratory infections is ranked fourth and trachea, bronchus and lung cancers sixth. Unlike heart disease and stroke, COPD and upper airway illness have few effective therapies and remain irreversible and incurable.

Compliance and regulatory obligations: Awareness of the link between airborne contaminants and chronic respiratory disease has driven a marked trend towards improving safety standards and enforcing such standards. For example, in 2016, the US Occupational Safety and Health Administration (**OSHA**) announced significant changes to the respirable silica standards - a new permissible exposure limit (**PEL**) of 50 micrograms of respirable crystalline silica per cubic meter of air ($50 \mu\text{g}/\text{m}^3$), averaged over an eight-hour shift in general industry and in maritime and construction industries (this equates to a 50% reduction from the previous PEL for general industry). Similarly, in 2017, a review by the International Agency for Research on Cancer (**IARC**), an arm of WHO, resulted in welding fume being reclassified to “known carcinogenic to humans” Group 1 classification. These changes require employers with operations in these large sectors (construction, mining, infrastructure, manufacturing) to review and upgrade their respiratory equipment and programs to ensure compliance to the new standards. Across the mature PPE markets, regulation continues to improve to protect workers from exposure and long term impacts of inhaled contaminants

Employer liabilities: In conjunction with the general employers’ duty of care obligations to provide safe working environments for their employees, they also face increasing liabilities in the event of occupational health and safety breaches impacting employees. This risk can be in the form of penalties imposed by local authorities, as well as law suits in relation to workers’ compensation and personal accountability of senior management and company directors.

Greater employer willingness to go beyond compliance: Apart from regulatory compliance and liability, employers are increasingly adopting strong safety cultures (introduction and maintenance of safety policies, processes and equipment such as PPE) as various studies have demonstrated compelling productivity and cost advantages to businesses (through improved culture (staff morale, engagement), fewer accidents reducing downtime and absenteeism, attracting/retaining staff and talent and raising overall corporate branding).

2.5 MARKET SIZE AND GROWTH

2.5.1 Respiratory Protection Equipment Market Size

The total PPE market is a large and mature market with growth reliant on employment, which is dependent on activities in each end-market, safety awareness, regulations and enforcement/compliance. Respiratory protection equipment accounts for 9% of the total PPE market.

The global respiratory protection equipment market was estimated at US\$6.46 billion in 2019, with the industrial end-market accounting for US\$4.36 billion, while the healthcare end-market was estimated at US\$2.10 billion.

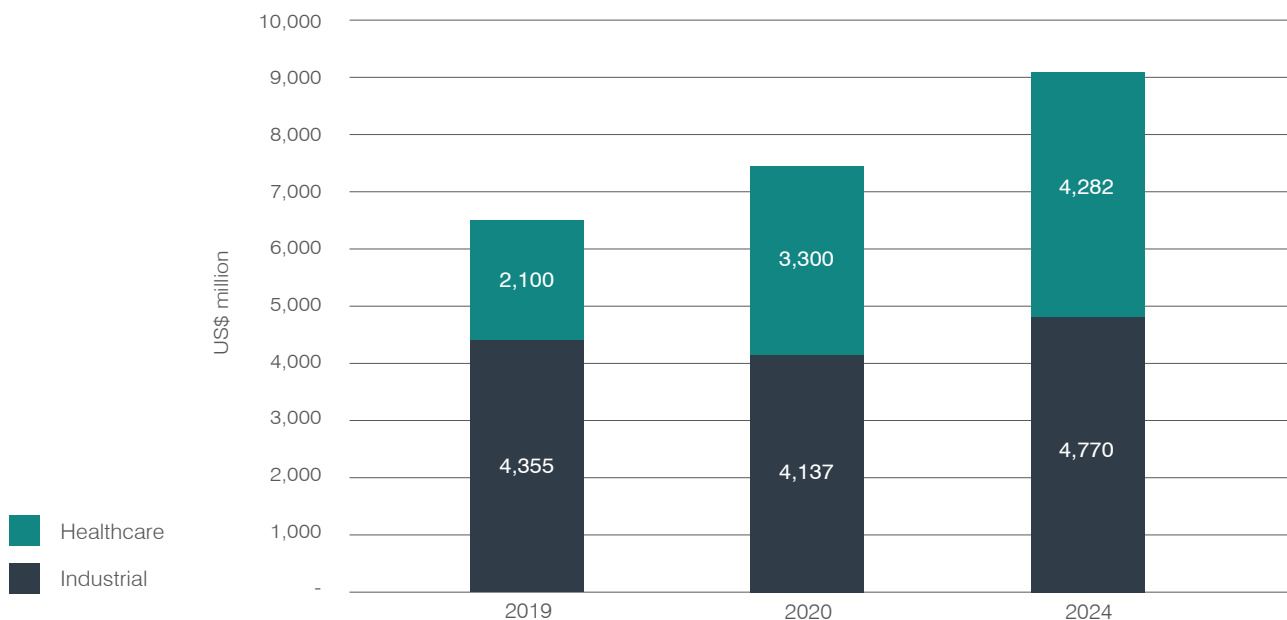
2.5.2 Market Growth

The COVID-19 pandemic driven demand surge is estimated to result in a 57% year-on-year growth for the healthcare end-market, driving the total market including industrial to US\$7.44 billion in 2020.

The total market is expected to grow at a compound annual growth rate of just over 5% between 2020 and 2024 to reach US\$9.05 billion in 2024. This forecast assumes that stockpiling and pandemic preparedness programs by various governments are implemented as announced even with the eventual cessation of COVID-19.

Figure 7 shows the respiratory protection equipment revenue market split between healthcare and industrial in 2019, 2020 and 2024.

FIGURE 7: RESPIRATORY PROTECTION EQUIPMENT REVENUE, HEALTHCARE AND INDUSTRIAL, 2019, 2020 AND 2024



2.5.3 Regions

The figures below show the respiratory protection equipment revenue market split by industrial, healthcare and major regions in 2020.

FIGURE 8: INDUSTRIAL RPE BY MAJOR REGION, 2020

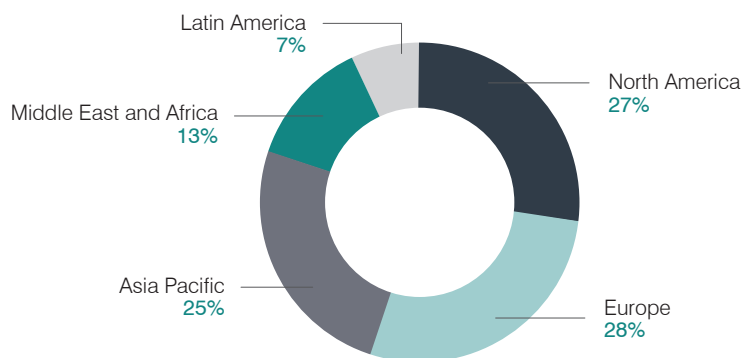
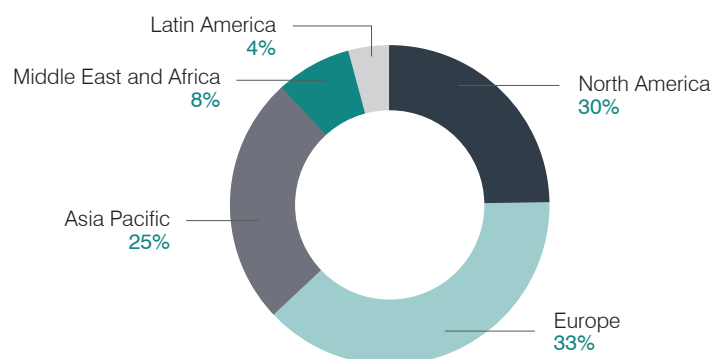


FIGURE 9: HEALTHCARE RPE BY MAJOR REGION, 2020



The markets of North America and Europe (particularly Western Europe) are largely mature markets with high regulatory oversight driving demand for respiratory protection equipment and compliance use.

Within Europe, Germany, France and the UK are the three largest countries in terms of respiratory protection equipment demand.

In the Asia Pacific region, although China and India dominate offshore manufacturing activities (and hence account for a major portion of the addressable PPE opportunity in the industrial sector), the Southeast Asian region is also a significant industrial base (for example, Thailand's automotive industry, the Vietnamese electronics industry, the Indonesian petroleum industry, etc.) that is likely to enjoy the benefit of the long term trend toward moving manufacturing out of China.

The demand for RPE in Asia over the medium term will deliver strong growth and product opportunities given rising levels of affluence and increasing healthcare standards and this region's existing acceptance of the importance of respiratory protection equipment.

2.5.4 Addressable Market

CleanSpace PAPRs are classified as Air Purifying Respirators. Its addressable markets are users of Air Purifying Respirators (and in certain circumstances users of other products such as surgical masks).

Air Purifying Respirators include PAPRs, Disposable and Non-disposable Respirators. In 2020, the size of these product markets is estimated to be US\$6.3 billion.

2.6 COMPETITIVE LANDSCAPE

2.6.1 Competitive trends

Key trends in the competitive landscape for respiratory protection equipment are outlined below:

Tiers of competition: The global respiratory protection equipment market is served by (1) tier 1 suppliers with strong presence across a wide PPE category range and a number of respirator protection product lines, (2) suppliers who are focused on PAPRs, and (3) other suppliers including distributors who can source N95s from OEMs. Tier 1 suppliers have a comprehensive and complex product portfolio, extensive distribution networks, strong service capabilities and wide geographic coverage. Tier 2 have focus and offer high sales capabilities and Tier 3 only offer limited and commodity models and are price competitive.

Channels to market: High volume products such as disposable masks are characterised by heavy reliance on distributors. Positive pressure (low-volume/high-value) products require considerably more direct support from manufacturers in the form of pre-sale education of customers. Distribution networks are localised in countries, typically made up by a few large national or smaller localised distributors operating either as a generalist supplier (MRO with PPE capabilities) or as specialists by safety product/service or end-segment served. Smaller distributors focus on tight geographical areas and are close to customers, provide a high level of customer service and are generally proactive in their sales effort.

Competitive tools: Key factors providing competitive advantage in this market include protection and other safety features (alarms), ergonomic comfort (light/small), compatibility with other PPE, ease of use, product maintenance, reliability and durability, training, as well as technical innovation. When moving to a higher level of protection, especially PAPRs, training, fit testing, product/technical support, preventative maintenance and parts replacement is critical. Price appears to be a competitive tool predominantly in the commodity or low-value/high-volume segments of disposable and non-disposable respirators; less so with PAPRs. It is also a more important factor impacting choice of supplier amongst small corporates or small government departments.

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Within the PAPR category, some of the key points of differentiation are highlighted below:

FIGURE 10: DIFFERENTIATORS OF THE PAPR CATEGORY

Weight	<ul style="list-style-type: none"> Heavy options (often not suitable for women) reduce compliance especially when needed to be worn over extended periods
Design	<ul style="list-style-type: none"> Bulky, cumbersome options are more difficult to put on Those with tubes, belts and cables risk getting caught or tangled in equipment when in use Those with multiple parts call for more training of users and are more difficult to clean and maintain
Battery	<ul style="list-style-type: none"> Batteries with short run times require more frequent charging or run flat in the contaminated area; thus putting the wearer at risk Batteries that cannot be topped up (but have to be charged only after they run down fully) create disruption for users on long shifts
Ease of Use and Cleaning	<ul style="list-style-type: none"> Few parts and simple design Respirators that are easy to use, fast to assemble and don and easy to clean are valued in healthcare

Barriers to entry: This is a market with high barriers to entry since the cost, time and effort required to develop new products that comply with relevant regulations is considerable (more so in the higher protection product categories than in the disposable respirator segment). In addition, securing the right distribution partnerships across regions require time and effort. Furthermore, companies that are successful in this market also tend to have a wide product portfolio and support both vertical industry requirements as well as horizontal functions, such as welding, painting, sand blasting, etc.

Types of competitors: The figure below highlights some of the leading suppliers of respiratory protection globally, with indicative market share estimates for industrial applications:

FIGURE 11: RESPIRATORY PROTECTION EQUIPMENT, LEADING COMPETITORS IN INDUSTRIAL APPLICATIONS, WORLD, 2019

Company	Country headquarters	Indicative Market Share in Industrial Respiratory Protection Equipment, Global, 2019 ¹
3M	USA	24-26%
MSA	USA	7-9%
Draeger	Germany	4-6%
Honeywell	USA	3-5%
Moldex	USA	2-4%
Others		50-60%

¹ Market share estimate refers only to industrial applications, i.e. excluding Healthcare.

Other companies in the RPE include Kimberley Clark, CleanSpace, ESAB, Gentex Corporation, JSP, Malina (CleanAir), Optrel, RPB Safety, Tecmen, Maxair Systems, Miller, Bullard, Sundstrom Safety, Changzhou Shine Science & Technology, Otos Tech, Centurion Safety Products, ILC Dover, BLS Group, Medop, Delta Plus, Uvex, The Gerson Company, GVS Group, RSG Safety, Spasciani, Interspiro, Masitec, Avon Protection, Elmridge Protection Products, Magid, Allegro Industries, Alpha Pro Tech, RONCO, Makrite Industries, CSE Corporation, and Pyramex.

Innovation as Competitive Advantage

Regulatory testing, compliance and a risk averse market have shaped the respiratory protection equipment industry to adopt a conservative approach to new product innovations. Apart from incremental improvements (for example, more effective filter materials, battery technology, seal check mechanism/positive fit check etc.), there has been little transformative innovation in the last few decades.

2.7 REGULATION

The use, supply and manufacturing of devices for respiratory protection is subject to extensive regulation across jurisdictions. The regulations and standards relevant to N95s, surgical masks and PAPRs are summarised in the figure below.

FIGURE 12: REGULATIONS AND STANDARDS FOR RESPIRATORY PROTECTION EQUIPMENT

USA	<ul style="list-style-type: none"> Occupational Safety and Health Administration (OSHA) sets the regulation and guidelines for the use of respiratory protection. Standard Number: 1910.134 covers procedures for selecting, fit testing, training, use, and maintenance of respirators CDC-NIOSH provides tests and approves respirator products and quality control. Under the US federal respiratory regulations 42 CFR Part 84 relate to approval of respiratory protective devices ANSI/AIHA/ASSE Z88. Respirator Package provides guidance for training individuals on conducting respirator fit testing and air purifying respirator components The Food and Drug Administration (FDA) approves surgical masks and N95 respirators to be used. Provides Emergency Use Authorization (EUA) guidance to support Medical Countermeasures (MCMs) in the event of Chemical, Biological, Radiological and Nuclear (CBRN) threats
Europe and UK	<ul style="list-style-type: none"> CE Mark confirms that products meet safety, health, and environmental protection requirements in the European Economic Area (EEA). Under the CE Mark there are directives for respiratory protection including the Regulation (EU) 2016/425 stipulates standards for PPE (including masks and respirators) across the EU member states <ul style="list-style-type: none"> EN 149 Disposable respirators (FFP1, FFP2 and FFP3) based on filter efficiency and leakage limits EN 14683 Surgical masks are classified into categories based on performance (on splash resistance, bacterial infiltration efficiency, differential pressure and microbial cleanliness) EN 405 and EN140 Half- and quarter-face respirators and EN136 applies to full-face respirators. EN140 specifies minimum requirements for filter efficiency, valve tightness and connections, flammability and resistance in breathing, temperature, permeation, concentration of carbon monoxide, breathing resistance and speech diaphragms EN 12942 defines minimum requirements for tight fitting power assisted respiratory protective devices. EN 12941 specifies loose fitting powered air filtering devices on filter capacity: Inward leakage limit for TH1 class of devices is 10%, 2% for TH2 and 0.2% for TH3 UK only - The Health and Safety Executive (HSE) guide HSG53 (2013) outlines guidance on the selection and use of adequate and suitable respiratory protective equipment in the workplace. Control of Substances Hazardous to Health (COSHH) provides advice on what respiratory protection equipment needs to be used for different workplace tasks
Australia/NZ	<ul style="list-style-type: none"> ASNZS 1715 sets the regulation and guidelines for the use of respiratory protection ASNZS 1716 sets the manufacturing and sale of respiratory protection products AS 4381:2015 sets the regulation for surgical masks The Therapeutic Goods Administration (TGA) confirms that products meet safety, health and able to be used in a clinical setting

SECTION THREE

Company Overview



3 Company Overview

3.1 INTRODUCTION

3.1.1 Overview of the business

CleanSpace is an Australian company based in Sydney which designs, manufactures and sells workplace respiratory protection equipment for healthcare and industrial end markets. CleanSpace was founded in 2009 by a team of biomedical engineers who had previously worked at ResMed, a global sleep and respiratory care business. CleanSpace has developed a proprietary platform technology to compete against the existing offerings in the RPE market.

Since establishing CleanSpace, the founders and management have focused on building a strong commercialisation and customer-focused culture, and operations and infrastructure to support a global business, including industry regulatory compliance, supply chain security and lean manufacturing. CleanSpace has serviced large enterprise-sized clients globally for over seven years, with its products used by over 1,000 customers for workplace safety in 36 countries globally.



BENEFITS

- High protection
- Improved compliance and productivity
- Cost effective

CleanSpace respirators incorporate features such as miniaturised (size and weight) design and components, smart pressure driven algorithms, intuitive function and unique neck mounted design, and achieve the highest level of protection. Its patented and award winning design creates a low-profile personal respiratory device for the workplace that delivers benefits including:

- higher respiratory protection and safety for users relative to the other air purifying RPE equipment that is used widely in professional healthcare and industrial environments;
- a light, low-profile design, and active airflow increases usability and user comfort; and
- reusable and modular system, make it cost effective and deployable at volume for employers.

In addition to the CleanSpace respirators, CleanSpace also offers additional consumables and accessories products which enable the respirators to be used in a range of applications across professional healthcare

and industrial environments globally. This includes items such as filters, masks, hoods and charging/docking stations. These items are typically consumed and replaced on a regular basis which creates additional sales opportunities.

The typical use cases for CleanSpace respirators include:

HEALTHCARE	INDUSTRIAL
<ul style="list-style-type: none"> Hospitals Primary healthcare Research Laboratories Pharmaceutical Vivariums 	<ul style="list-style-type: none"> Construction and infrastructure Manufacturing Metallurgy and welding Mining and resources; Oil and gas Chemical Transport and aerospace Maintenance and cleaning Waste and water Energy and utilities Agriculture; Food processing; Timber Defence; Fire and emergency

3.1.2 History of CleanSpace

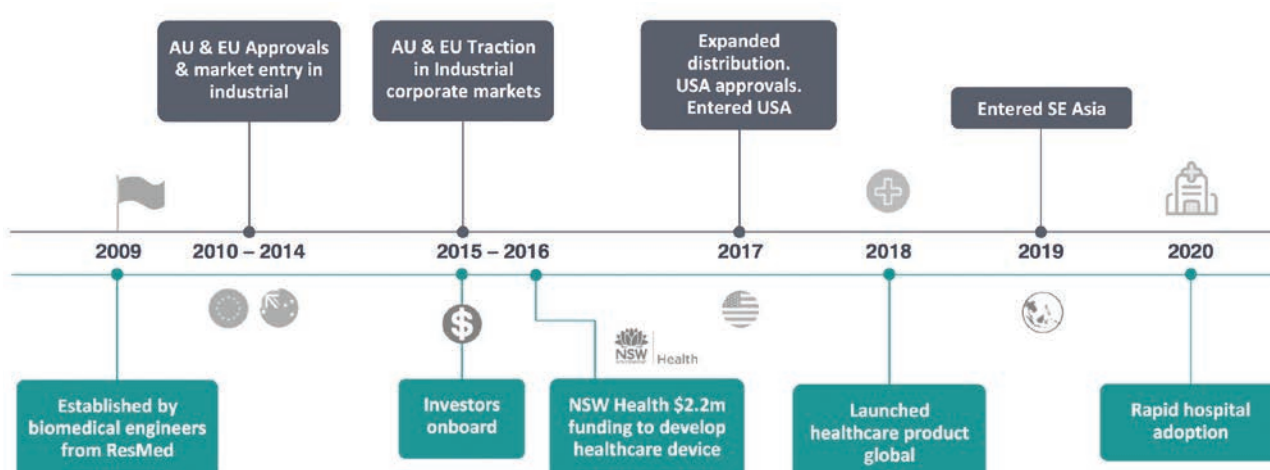
CleanSpace was founded in 2009 by a team who had previously worked as biomedical engineers at ResMed. They identified the opportunity to develop a light weight respirator for use in workplace applications.

Following successful testing and approval for the respiratory protection standards, CleanSpace's first product, a CleanSpace respirator for use in industrial applications, was launched in Australia in 2010. In 2013 CleanSpace entered the European market, followed by the US market in 2017. In 2018, CleanSpace launched its first healthcare respirator to a global market. In 2019, CleanSpace opened up sales channels, invested in dedicated sales team and began business development for South East Asia.

The emergence of COVID-19 in 2020 led to a material increase in demand globally for RPE equipment, which has enabled CleanSpace to increase its customer base, largely in healthcare, including to over 500 hospitals.

Figure 13 below presents a timeline of CleanSpace's history.

FIGURE 13: HISTORY OF CLEANSPACE

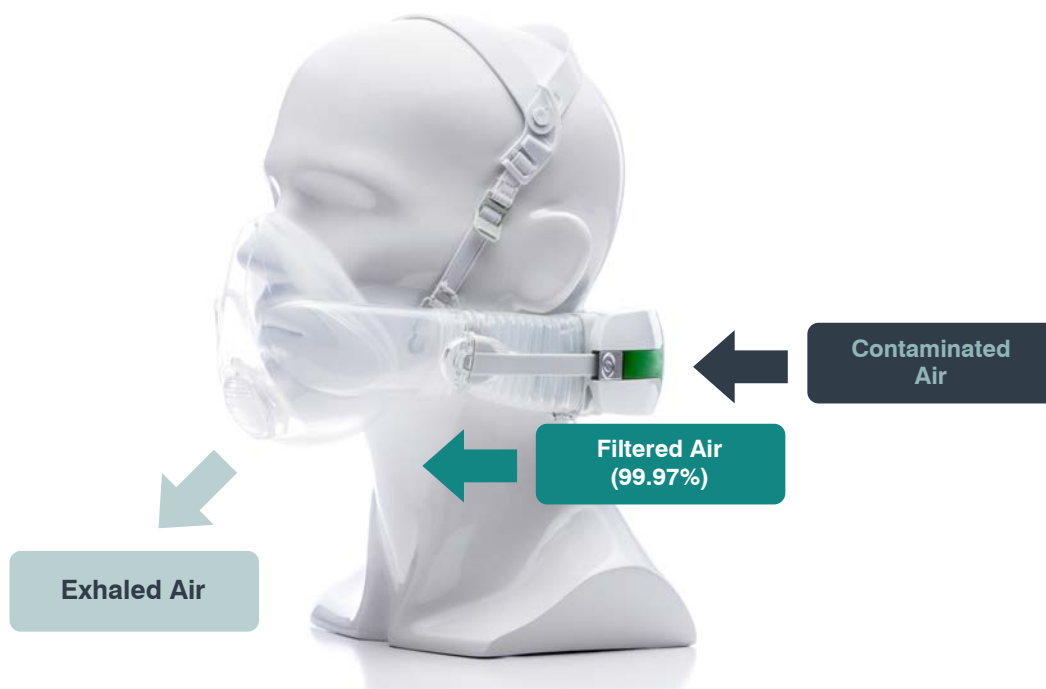


3.2 THE CLEANSPACE PLATFORM TECHNOLOGY

CleanSpace has developed a proprietary and patented platform technology that is the basis for its respirators. The system is based on experience and learnings from the founders - engineers who have worked in the broader respiratory and medical device healthcare sector. CleanSpace's Airsensit™ technology system draws on principles used in standard pressure assist device technology, while applying new and advanced techniques to meet the challenges of unpredictable breathing patterns from mobile/healthy users at work. The CleanSpace technology platform is used across all current models of respirators in the CleanSpace range, with specific modifications made to these devices to make them suitable for the various industry application uses (e.g. Intrinsically Safe for underground coal mining). The technology is designed with features that deliver clear benefits to both users and employers. These include:

- Active positive powered airflow driven by pressure sensitive algorithm which monitors and adjusts at a rate of 100Hz (highly responsive);
- Light weight (less than 500g) and small design facilitates ease of use by users;
- Compact with few parts: reduces the complexity of the system and is fast to don/doff, easy to clean, transport and store; and
- Neck mounted design with no hoses or vests: compatible with other PPE and enables staff to move easily around equipment, tight spaces or sit/operate vehicles (i.e. forklifts, ambulances) and increases comfort while in use.

FIGURE 14: PROPRIETARY AIRSENSIT™ TECHNOLOGY



CleanSpace has significantly de-risked the technology and accelerated market learning and improvements for subsequent designs. The platform technology is readily adapted to work across the full product range and the overall modular design utilises common key parts. This has delivered advantages for rapid scale up with flexible inventory options and lower inventory requirements. Key points of differentiation for CleanSpace's products are outlined in Figure 15, below.

FIGURE 15: KEY POINTS OF DIFFERENTIATION OF CLEANSPACE'S PRODUCTS

Point of Differentiation	Characteristic	Product Features	Customer Benefits: User / Employer
Operating System	<ul style="list-style-type: none"> Patented proprietary AirSensit™ technology monitors the mask and ambient pressures at 100 times a second (Hz) and regulates the airflow (through motor/fan assembly control) to maintain a mask positive pressure 	<ul style="list-style-type: none"> High respiratory protection. Meets the highest level of protection for an Air Purifying Respirator Assured protection even with a mask leak Active airflow, creates fresh clean air on the face to eliminate heat, CO², moisture, fogging and breathing resistance (experienced with negative pressure masks) 	<ul style="list-style-type: none"> High protection for duty of care, insurance liability and staff health (i.e. lower absenteeism, infection rates) Staff confidence and engagement Reliably replace other respiratory devices both disposable and PAPRs (one system over the site)
	<ul style="list-style-type: none"> Smart breath activated system that triggers in response to the wearers breathing Built in filter and battery alarms (audible and visual) Built in airflow test 	<ul style="list-style-type: none"> Simple user system quick 'two click' process to don/doff (< 10 secs) enables effective, reliable and fast training and deployment Supports routine use for short tasks or over long periods Reliable donning and doffing. Particularly important for healthcare applications or tasks that are under time pressure 	<ul style="list-style-type: none"> Staff productivity Staff Compliance
	<ul style="list-style-type: none"> Proprietary micro-toroidal motor/fan is efficient and produces high RPM and positive pressures in the mask. Able to ramp up to 26,000 rpm in under 0.19 secs Generates airflows of up to 230L/min 	<ul style="list-style-type: none"> Reliable and durable – suitable for industrial applications and healthcare applications which require cleaning/disinfection Proven to be highly reliable and robust during high exertion, mobile and remote work applications 	<ul style="list-style-type: none"> Cost effective Reusable and low inventory requirements Able to scale up rapidly to large dispersed teams
Battery Technology	<ul style="list-style-type: none"> Lithium polymer battery technology (the same technology as smart phones) is small, efficient, safe, reliable and transportable by airfreight 	<ul style="list-style-type: none"> Long operating times of up to 9 hours, fast recharge and 'top-up' charge options Suitable for long shifts up to 12-hour shift or 'round-the-clock' use with short recharge options (during the users breaks) Safely used and transported in planes 	<ul style="list-style-type: none"> Staff Productivity over long shifts Flexibility to extend to a broad range of applications and remote or mobile tasks

Point of Differentiation	Characteristic	Product Features	Customer Benefits: User / Employer
Miniaturisation	<ul style="list-style-type: none"> Miniaturisation of core components and assemble - lithium battery, HEPA filter, motor/fan 	<ul style="list-style-type: none"> Light weight and small makes it easy for staff to carry, don/doff, wear for long periods of time 	<ul style="list-style-type: none"> Cost effective
Modular and neck mounted design	<ul style="list-style-type: none"> Neck mounted design – no hoses, headtops, belts 	<ul style="list-style-type: none"> Compatible with other commonly used PPE 	<ul style="list-style-type: none"> Staff productivity Easily integrated into operations and with other existing PPE or equipment worn on the body such as tool belts and working at height
Small filter	<ul style="list-style-type: none"> Modular design with few parts Clear silicone mask Small high capacity HEPA filter tested and approved to international respiratory protection standards with filtration efficiency of 99.97% or above for particulates 0.3 micron or above Internal design for water tolerance 	<ul style="list-style-type: none"> Easily carried, stored or transported Modular design means there are few parts and the system is readily adaptable to different applications or users. Reusable system with few parts makes it readily deployable across a large work force Clear silicone masks easy to clean and good for communication Water tolerance 	<ul style="list-style-type: none"> Worn when driving or sitting in a vehicle – fork lift, plane, ambulance Communication important for high risk tasks and patient care Suitable for water applications or cleaning/reprocessing required in infection control

3.2.1 CleanSpace competitive advantage

CleanSpace respirators deliver a number of beneficial outcomes for employers and users, which are significant considerations for employers with respect to RPE.

FIGURE 16: COMPETITIVE ADVANTAGE OF CLEANSPACE

PROPRIETARY AIRSENSIT™ TECHNOLOGY		CLEANSPACE		TRADITIONAL RESPIRATOR OFFERINGS	
				DISPOSABLES	TRADITIONAL PAPRs
					
OUR TECHNOLOGY <ul style="list-style-type: none"> Neck mounted compact design. Lightweight and small Breath responsive. Pressure sensors and algorithm continuously pressurise the mask through the breath Specialists in airflow control sampling, monitoring and adapting at 100 Hz Micro-turbine toroidal motor: quiet, long wear, efficient, 26,000 rpm, high pressures and flows Lithium polymer smart battery technology: Light, long run time and fast re-charge 		<ul style="list-style-type: none"> ✓ High protection ✓ Lower cost ✓ Reduces heat stress ✓ Reusable ✓ No hoses or belts ✓ Light, small and easy to use ✓ Mobile and portable ✓ Fast disinfection time 		<ul style="list-style-type: none"> ✓ Light and simple ✗ Low protection ✗ Low compliance ✗ Moisture/CO²/heat problems ✗ Breathing resistance ✗ High disposable costs ✗ Stockpile and supply constraints 	<ul style="list-style-type: none"> ✓ High Protection ✓ Reduces heat stress ✓ Reusable ✗ Heavy, bulky and complex ✗ Poor PPE compatibility ✗ High costs ✗ High inventory ✗ Slow to disinfect

Healthcare application - The characteristics of the CleanSpace technology and product features delivering benefits to the users and employers are similar across most industry sectors and can be readily extended into healthcare. For example, high protection and heat alleviation are major benefits for staff and hospitals administration evaluating or adopting CleanSpace.



In healthcare there is an additional consideration to those in the table above, which is requirements for equipment to be cleaned and reprocessed for infection control purposes. CleanSpace's healthcare products have been specifically designed for a clinical setting with healthcare staff and reprocessing in mind. The benefits of the system include that it is fast to don and easy to doff, small surface area, no fabric and minimal disassembly/reassembly and few parts which enable fast and reliable cleaning. The parts (mask, power unit and harness) have been validated for standard hospital high level disinfection and terminal sterilisation methods (Steris®, Sterrad®).

3.3 CLEANSPEACE PRODUCT PORTFOLIO

3.3.1 Product portfolio




CleanSpace has designed and manufactured respirators that address inadequacies in existing RPE. The portfolio of CleanSpace products are suitable for a range of applications in healthcare and industrial environments. The portfolio of products available for each of these industries is presented in Figure 17 and Figure 18.

FIGURE 17: HEALTHCARE

HEALTHCARE		
Characteristic	CleanSpace Halo	CleanSpace BIO Hood System ¹
		
SECTORS	<ul style="list-style-type: none"> Healthcare: Routine and pandemic uses Pharmaceutical facilities Vivariums Laboratories Research facilities 	<ul style="list-style-type: none"> Healthcare: Biocontainment / isolation units Pharmaceutical facilities Vivariums Laboratories Research facilities
SALES CHANNELS	<ul style="list-style-type: none"> Direct to hospitals in USA, Australia, NZ, UK and South East Asia Use of distribution partners for all other markets and sectors 	
KEY STAKEHOLDERS	<ul style="list-style-type: none"> Department managers / Directors: Typically physicians, scientists Influencer: Infection control, safety managers, nurse educators 	

¹ CleanSpace Bio Hood System was released to market in July 2020. This table indicates the available sectors, sales channels and key stakeholders for that product.

FIGURE 18: INDUSTRIAL

INDUSTRIAL			
Characteristic	CleanSpace2	CleanSpace Ultra	CleanSpace EX
			
SECTORS	<p>General use in:</p> <ul style="list-style-type: none">Construction materialsOpen cut miningInfrastructureManufacturingMetal work i.e. weldingEnergy and utilitiesAgriculture and food processing	<p>General use where high water use and/or for eye and face protection (with full face mask)</p> <ul style="list-style-type: none">Stone cuttingWaste and water managementRemediationCleaning and maintenanceChemical applicationsHorticulture (spraying)	<p>For use in potentially explosive environments (zoned: Intrinsically Safe)</p> <ul style="list-style-type: none">Underground coal miningChemicalPharmaceuticalOil and Gas
SALES CHANNELS	<ul style="list-style-type: none">Use a local network of non-exclusive PPE distribution partners for all markets		
KEY STAKEHOLDERS	<ul style="list-style-type: none">Primary Site managers, National or Site Safety ManagerInfluencer: Hygienist, users, purchasing		
For Healthcare and Industrial			
CONSUMABLES, ACCESSORIES, AND SPARES	<ul style="list-style-type: none">Half masks (3 sizes) and full face mask (2 sizes)HEPA particulate filtersCombination gas filters; organic, inorganic, acid and ammoniaPre-filters and protective sleeveVisor protector coverFit testing adaptorFull Face Mask Spectacle KitMulti-unit Docking StationElite HarnessSpares		

3.4 CLEANSPACE'S BUSINESS MODEL

3.4.1 Overview

CleanSpace designs, manufactures and sells a range of RPE. Revenue is generated from the sale of products, which are produced in CleanSpace's manufacturing facility based in Sydney, Australia. The major expenses of the Company are associated with the cost of goods sold. In addition to these, the Company incurs expenses related to employees, marketing and sales, research and development and IP and other operating expenses.

CleanSpace develops and owns its proprietary technology and product specifications, processes and know-how. The proprietary technology is valuable given the research and development that has been invested and the differentiated design, to create products that provide higher protection and improved compliance and productivity.

CleanSpace's business model is to expand sales of existing products to customers that use respiratory equipment and further develop new respirators using the Company's proprietary Airsensit™ technology, and new accessories and consumables.

CleanSpace currently generates revenues by:

- offering its products for sale primarily through commercial arrangements with distributors in the healthcare and industrial sectors in domestic and export geographies, utilising their established local technical sales forces and industry specific connections and background; and
- offering its products for sale directly to healthcare providers in the US, Australia, the UK and parts of South East Asia.

Revenue is generated from the sale of the units and then on an ongoing basis from the sale of consumables, accessories and spares for use with each unit.

3.4.2 Market segments and customers

CleanSpace's respirators, consumables, accessories and spares are sold through distributors, and directly to customers in healthcare and industrial sectors.

CleanSpace has the necessary regulatory approvals for distribution and sales in a number of regions. These include Australia, NZ, North America, Europe and parts of Asia.

CleanSpace maintains a global sales and support team to engage and support customers and distributors and to assist with market entry for new products.

CleanSpace is growing and has a diversified revenue base with a relatively even spread across 3 key regions (North America, Europe and South East Asia / Japan, including Australia / NZ) and derived from both healthcare and industrial sectors. While COVID-19 has accelerated healthcare sales, industrial sales continues to deliver a growing base. CleanSpace has low customer concentration; with 26 distributors contributing 60% industrial and healthcare sales, generated from several regional markets including the US, Japan, Australia and Europe.

FIGURE 19: OVERVIEW OF CLEANSPACE'S KEY MARKETS

HEALTHCARE		INDUSTRIAL	
<ul style="list-style-type: none"> Hospitals Primary healthcare Research Laboratories Pharmaceutical Vivariums 	Key competitors <ul style="list-style-type: none"> 3M Maxair Dräger Moldex 	<ul style="list-style-type: none"> Construction and infrastructure Manufacturing Metallurgy and welding Mining and resources; Oil and gas Chemical Transport and aerospace Maintenance and cleaning Waste and water Energy and utilities Agriculture; Food processing; Timber Defence; Fire and emergency 	Key competitors <ul style="list-style-type: none"> 3M Honeywell Dräger MSA
CLEANSPACE SUCCESS		CLEANSPACE SUCCESS	
<ul style="list-style-type: none"> National or State rollout in Singapore, HK, Malaysia, Australia Key reference hospitals in USA, Germany and Japan Large USA hospital group: Kaiser Permanente, Parkview, Houston Methodist, Sutter Health, VA, University of Maryland, Baptist Health FL 		<ul style="list-style-type: none"> National roll out for Boral quarries for silica and Ferro USA Europe wide roll out for Eurovia, Saint Gobain and Arcelor Mittal (and others) Large deployments to Freeport Moran, AngloAmerica, Peabody Energy, Airbus, Drax Notre Dame restoration and City of Paris water and sanitation 	

3.4.3 Land and expand

CleanSpace has a diverse end customer base, including large enterprise healthcare and industrial clients such as Boral, Arcelor Mittal, Sutter Health and Singhealth.

CleanSpace employs a land and expand strategy; the strategy is built around scaling customer conversion through small use site trials of CleanSpace products to site and organisational wide adoption to aid them with occupational health and safety protection for employees.

CleanSpace expands the use of its products to existing customers by leveraging a scalable customer engagement program that is comprised of direct technical support, web-based training and deployment, online training and product materials. Following enterprises' experience of the performance and the cost benefits of the products first hand, safety and operations managers can introduce the products to other parts of the organisation. The Company's experience with this methodology shows that once customers have undertaken a trial of a new safety product they are more likely to understand the higher protection, improved compliance and productivity in the product and therefore seek more units for their work force.

CleanSpace's experience has been that the land and expand strategy has successfully led to the enterprise expanding use of CleanSpace products from a single site, then site-to-site, and finally via a top down roll out to expand across regions, leading to increased revenue per customer. CleanSpace respirators are typically purchased and used over the long-term, with early customers having used the products for over 7 years.

3.4.4 Annuity revenue base

CleanSpace has a growing installed base of units across healthcare and industrial organisations in multiple geographies North America, Europe, South East Asia / Japan and Australia / NZ.

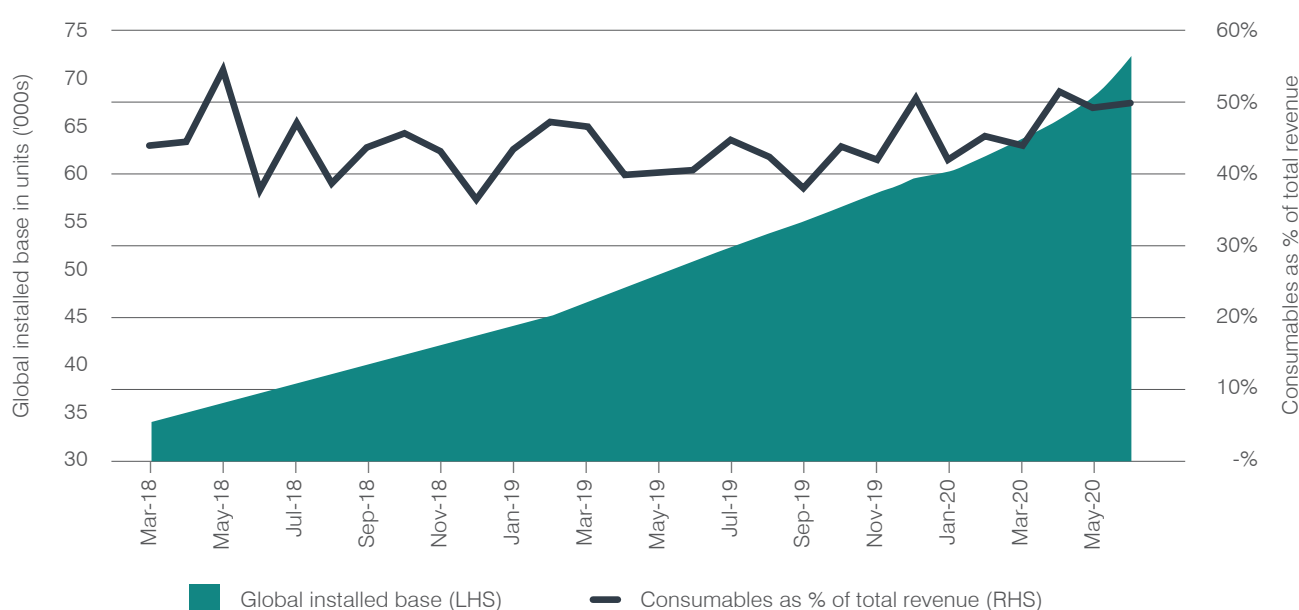
Once customers purchase their CleanSpace respirator and their staff are trained, the respirators are then used regularly in the operations. Ongoing use requires customers to purchase additional consumables, accessories and spares that are specifically designed and approved to work with CleanSpace respirators over the course of the respirators' use life.

This model creates a recurring revenue base. Historically, CleanSpace has generated approximately 45% of its revenue through the sale of consumables, accessories and spares.

The amount of recurring revenue per customer varies depending on the customer profile for the industry sector, type of applications and size of operations. CleanSpace's sales strategy is to target enterprises in high respiratory use sectors in regulated markets where there are safety cultures that underpin investment in safety equipment and staff compliance.

The successful conversion of enterprises in high risk sectors combined with enterprise customer retention provides CleanSpace with an attractive financial profile.

FIGURE 20: CLEANSPACE MONTHLY INSTALLED BASE AND CONSUMABLES REVENUE



3.4.5 Distribution and sales

3.4.5.1 Distribution and sales channels

Distribution networks: healthcare and industrial sales

CleanSpace has established relationships with multiple distributors leveraging their market reputation, sales teams and customer relationships to execute their product sales plan to healthcare and industrial customers across all existing geographies.

CleanSpace has purchasing arrangements with MROs, PPE and safety equipment specialists and sector specialists (i.e. in welding, lab and pharmaceutical). These distributors tend to operate locally and serve the needs of their customers' occupational health and safety policies. The use of distributors and their customer network is key to scaling the sales of CleanSpace's products within industrial and some healthcare sectors as the distributor's sales and safety specialists teams introduce and recommend CleanSpace products and in some cases support the sales with technical information and post-sale support (including staff fitting and training).

CleanSpace currently exports to 36 countries and has grown its network to over 150 distributors. CleanSpace's market coverage strategy is to expand the distribution network to cover new industry sectors and new geographies. The Company adopts a distribution evaluation process that selects complimentary distributors with proven comprehensive safety equipment lines and a capability with on-the-ground sales teams in each region/sector, where CleanSpace products are sold or could be sold. This strategy avoids exclusive distribution agreements, promotes competitive tension and fully leverages distribution networks to cover more of the market. In this

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stable and mature PPE market, the selective (not open) nature of the network protects distributors' investment in promoting, educating and opening the market for CleanSpace and minimises price discounting to win accounts.

CleanSpace is building a brand as a respiratory protection specialist of innovative and high performing products within the RPE and broader PPE markets for healthcare and industrial. CleanSpace understands this reputation assists distributors to introduce and recommend CleanSpace to new customers through positive referrals from the Company's existing customer base.

The localised, and sector specific, nature of distribution supports an opportunity for CleanSpace to have a broad mix of distributors in each region.

CleanSpace establishes arrangements for distributors that include minimum sales targets and key customer account targets, and half or annual reviews that guide pricing arrangements and terms and conditions including payment terms, shipping and minimum order quantities.

For sales made through distribution channels, subsequent customer purchases of consumables, accessories and spares are also done through these same channels. This means that the distribution channels benefit from the installed base as well.

Direct sales: Healthcare Only

In addition to established PPE distribution channels, CleanSpace sells directly to healthcare providers in a number of geographical markets: North America, Australia, NZ, the UK, and some South East Asian countries. This direct sales model is only for healthcare applications where the CleanSpace products are used in a clinical setting. For direct sales CleanSpace engages directly with the enterprise, which may be public or private healthcare providers, at the department/clinic, facility, state or national health purchasing level. The direct sales are facilitated by CleanSpace's regional product specialists/sales teams and conducted by the Company's Sydney operations team.

As at July 2020 CleanSpace has deployed product directly to approximately 552 hospitals globally.

CleanSpace's distribution, sales and support network across both healthcare and industrial are set out in Figure 21 below.

FIGURE 21: GLOBAL DISTRIBUTION, SALES AND SUPPORT NETWORK BY REGION



Decision makers and influencers

PPE equipment is regulated by governing national health and safety regulatory and enforcement bodies such as WorkSafe in Australia. For specific sectors, applications and hazards, levels and type of PPE and appropriate use are outlined in guidelines set by these workplace safety enforcement bodies. For enterprises, PPE policies are set by the entity's Occupational Health and Safety advisers (OH&S) or Safety committee at the site level or at a group level for the entire organisation. Regulators, enforcement bodies, OH&S advisers and safety committees are important to getting PPE approved into policy. The final selection of a specific brand is typically made by operations managers (informed by safety managers, hygienists, purchasing and end user feedback). Following trials, some organisations require the product to be approved in order to be listed on the enterprise approved equipment lists for broader roll out to parts of the organisation.

Consequently there are a number of market participants that may influence the introduction and adoption of CleanSpace products as PPE. This is similar for healthcare and industrial markets with the exception that in healthcare senior physicians (the equivalent of the site manager) are the primary decision maker with the infection control team (the equivalent of industry hygienists).

3.4.5.2 Deployment and Training Program

The implementation of new PPE and safety products within an organisation typically requires training and technical support. CleanSpace provides face to face (or video conferencing) with CleanSpace product specialists as well as online training videos and other technical documents to ensure employees are confident, have the correct mask fit and information for the use of CleanSpace equipment. In large enterprises, training and deployment is conducted by CleanSpace staff.

3.4.6 Manufacturing overview

CleanSpace assembles, tests and packages its products in its Artarmon, Sydney production facility. CleanSpace manufacturing has been based in Sydney's lower north shore since the Company was established in 2009. CleanSpace employs over 18 trained and skilled full-time employees (production managers, team leaders, technicians quality control, logistics and inventory staff) with support from casual staff to run the production activities. The company is well located to attract and retain talent to support advanced manufacturing practices.

CleanSpace's manufacturing facility is subject to territory regulations and approvals in all the global markets it serves. CleanSpace runs the facility under ISO9001 accredited quality management system (QMS) with lean manufacturing (6s) and continual improvement programs in place. Regulatory compliance requires the facility (plant and quality management system) to be audited regularly to ensure the facility complies with the relevant standards. Timing for audits varies across the regulations, for example, CAN/CSA Intrinsically Safe requires half-yearly audits while others, like CE Mark, require audits annually etc. This results in at least one audit or review every second month on average. In addition to ISO 9001 accreditation, CleanSpace holds the following manufacturing accreditations:

- CE Mark (Europe);
- CDC-NIOSH (USA); and
- Intrinsically Safe (International, European and North America).

CleanSpace ensures continual review of the facility and supplier network for process efficiencies and cost reduction to meet production targets (outputs). Reviews may result in changes to suppliers, design, materials or processes, with modifications implemented to achieve higher margins and scalability.

CleanSpace is establishing a second facility, in St Leonards, Sydney and expects operations to commence in October 2020. The second facility provides \$100 million plus in potential production capacity and is anticipated to replace current production from CleanSpace's original facility. The Company's second facility will introduce additional benefits around inventory space, risk mitigation and redundancy in the CleanSpace production set up. Scale up of the second facility has a low capital expenditure of less than \$1 million and once fully operational, the business anticipates further expansion and efficiency improvements that may underpin production outputs of up to \$180 million.

During the COVID-19 pandemic, both facilities are expected to remain operational as an additional risk mitigation for production continuity in the event staff present COVID-19 positive so the Company can effectively maintain a proportion of

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the production staff for ongoing operations. The first facility has a lease expiry date of 14 July 2021 and prior to this date, depending on the risk to production presented by the pandemic, the company will review the need to extend the lease.

Figure 22 provides an overview of CleanSpace's production facilities.

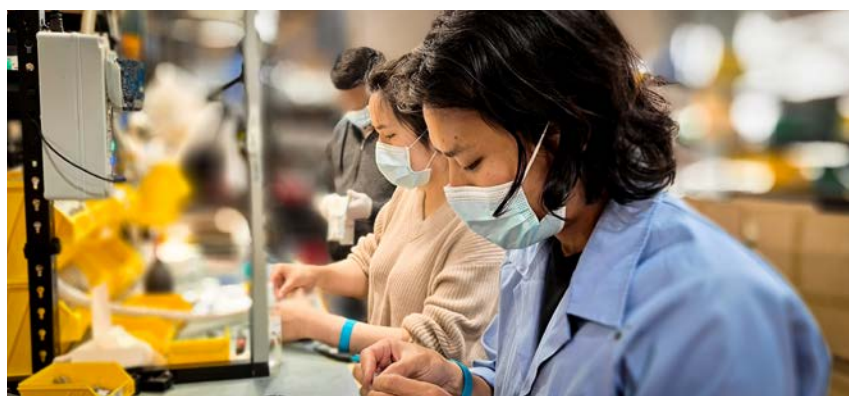
FIGURE 22: PRODUCTION FACILITIES

	Facility 1	Facility 2
Established	2009	October 2020
Production capacity (revenue per annum)	\$36m	\$100m
Products	<ul style="list-style-type: none"> respirators accessories consumables 	<ul style="list-style-type: none"> respirators accessories consumables
Production capacity* (best practice)	~3,000 units per month**	~8,000 units per month***

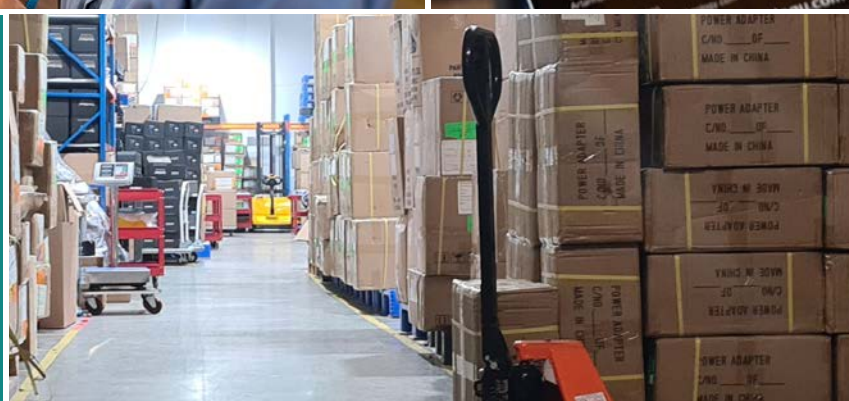
* Respirator units

** Currently running at excess capacity at 5,000 units per month

*** There is an opportunity for the facility to increase capacity indicatively by 25% with improved efficiencies and operating multiple shifts per day.



CleanSpace is an Australian company manufacturing products in its Sydney facility.



3.4.6.1 Co-Location of Manufacturing and Design

CleanSpace's strategy is to compete, sustainably grow market share and position the brand as a product leader; through consistent development, approval and launch of new and innovative products. CleanSpace has chosen to co-locate its manufacturing facility with the Company's head office and the design team. This facilitates:

- integrated and lean commercialisation programs;
- a continuous improvement program that incorporates risk management strategies in design (i.e. Failure Mode Effect Analysis); and
- increased agility and ability to respond in an organised and integrated way to opportunities and threats.

3.4.7 Established supply chain

CleanSpace has developed a long term supplier base over the last 8 years selected for scalability and reliability. CleanSpace's supply chain leverages some of the existing supply chain established by ResMed over the last 20 years. The key characteristics of CleanSpace's supply chain are:

- **Key inputs are customised in-house.** In-house design and knowledge for key IP such as motor control, miniaturised devices, pressure and airflow help to protect the supply chain.
- **Established a long term supplier partnership in China.** Used to centralise raw material for preliminary QC checks and additional cost effective storage which limits possible manufacturing impacts in Sydney.
- **Dual-supplier arrangements to safe-guard supply chain.** Suppliers based in China and Australia provide CleanSpace with critical electronics, batteries and PCBA.
- **Dual language capabilities.** The inventory teams' dual language capabilities assist in the advancement of supplier performance and help to alleviate any latency in the supply chain.

3.5 GROWTH STRATEGY AND INITIATIVES

3.5.1 Product development

CleanSpace has developed, approved and launched new products each year for the last 10 years and has a track record in successful commercialisation. CleanSpace is investing in product development to improve safety and performance for its end users.

CleanSpace has invested over \$8 million in research and development over the prior three financial years, establishing a dedicated experienced R&D team of 8 FTEs within the business. The R&D team continues to monitor the market for customer feedback and competitor innovation to shape the design program to address these market opportunities. Responding to customer requirements and meeting the stringent safety regulations is critical to having CleanSpace products integrated into large organisations to protect their staff.

CleanSpace anticipates that a broader product range, based on its core platform technology, will enable the Company to target a greater number of sector applications (and end users), making it easier for distributors to sell, while diversifying its product offering and reducing product concentration risk to an individual end use industry.

The technology development strategy is to make lighter, smaller and smarter respiratory devices.

Specifically, product development is broken down into the following areas:

1. New respirator systems;
2. New masks and filters;
3. New accessories;
4. Improvements to the production process: costs, time, reliability; and
5. Non-hardware product development: Data and services.

3.5.1.1 Device Data Technology

CleanSpace sales have primarily been in equipment sales, however for the last 3 years, the company has been developing non-hardware products such as services and remote data collection.

The strategy includes new technologies to support growth and retention of customers, enhancing the Company's reputation as a respirator specialist and leader and its competitive position.

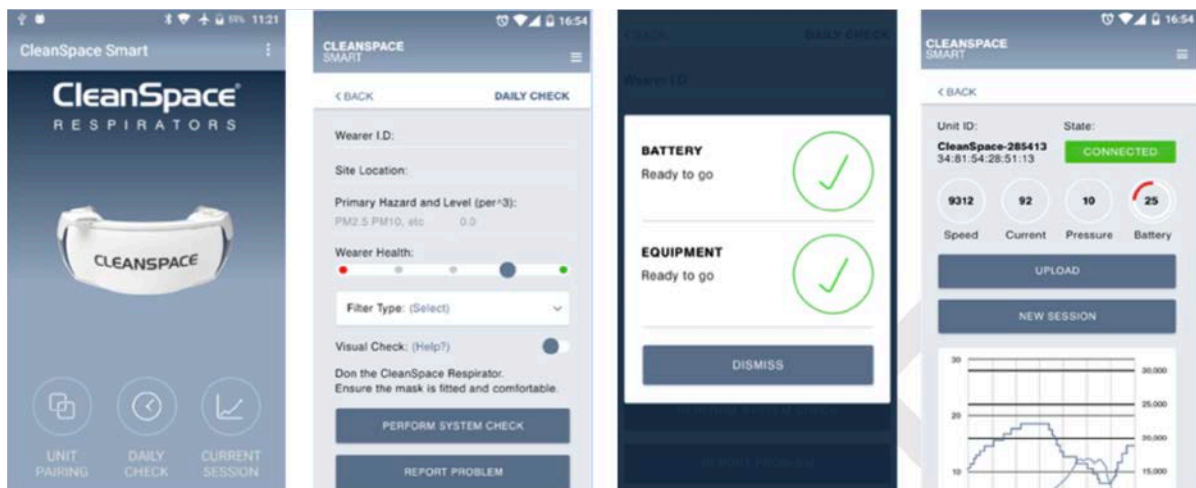
CleanSpace Smart is an Employer Web Interface and User Mobile Application to support the Company's key data and technology product. CleanSpace Smart generates quantified feedback including compliance data and performance of equipment usage. The technology provides equipment checks in addition to system and user feedback. The System is expected to assist with insight on management of an organisations' safety programs across their workforce.

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CleanSpace Smart is capable of observing and checking equipment, monitoring temperature, battery, breaths, volume of air filtered and mask fit. Device data is transmitted and held in the Cloud on CleanSpace servers and reported in consolidated form to employers.

Figure 23 presents the user interface when CleanSpace Smart is utilised.

FIGURE 23: CLEANSPACE SMART SCREENSHOTS

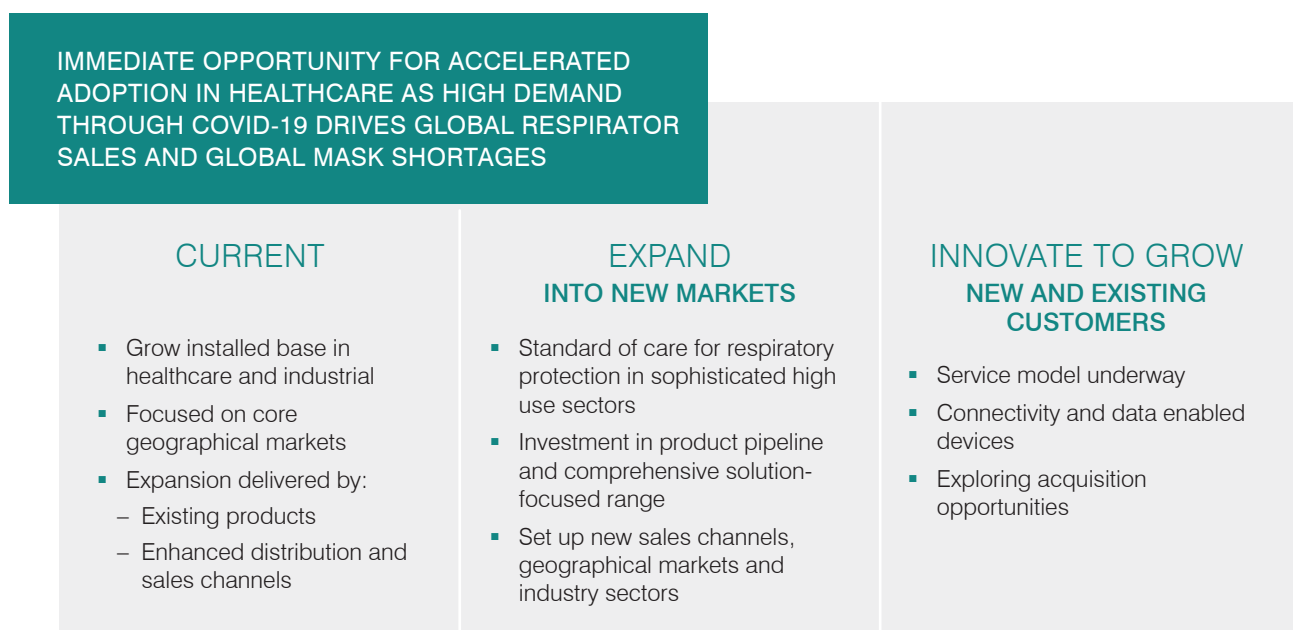


Data enabled devices generate quantified feedback on compliance and performance for the employer, allowing CleanSpace technology to be embedded in the organisation's safety programs.

The plan is to accelerate sales into existing core healthcare and industrial applications in major geographical markets; with investment in and exploration of growth opportunities.

3.5.2 Growth strategy

FIGURE 24: OVERVIEW OF CLEANSPACE'S GROWTH STRATEGY



CleanSpace's aim is to become the standard of care and established practice of RPE in sophisticated high use sectors. This strategy for growth includes:

- **Continue to build on the adoption of CleanSpace products in the healthcare industry to support growth.** The scale of the COVID-19 pandemic has provided a shift in awareness and use in RPE. CleanSpace has been a beneficiary of the impacts of COVID-19 in RPE, experiencing accelerated adoption in primary healthcare across the US, Australia, Germany, Singapore, Hong Kong, Malaysia and Japan. Heightened awareness and adoption of the need for RPE with high protection, regulatory approvals and a reusable model is expected to be a near-term and ongoing focus for CleanSpace's sales team and distributors.
- **Expanding awareness of CleanSpace's products.** CleanSpace anticipates expanding adoption of its existing products via sales/marketing activities and distributor networks. CleanSpace is now a preferred healthcare RPE solution, an increase of adoption in primary healthcare has led to the promotion of the Company's existing products by the sharing of information and practices between healthcare professionals across existing and new regions.
- **Enter new international markets.** CleanSpace intends to continue to expand its distribution and sales channels by establishing arrangements with new partners in new international markets to further increase sales. CleanSpace intends to drive further growth by establishing itself in the untapped opportunity of new industry segments such as the bio-life sciences market.
- **Intention to continue to expand and advance the product portfolio.** CleanSpace plans to continue to expand its suite of products within the markets it currently operates in and expand its pipeline of products to provide a comprehensive solution focused range to its end users.
- **Integrated product innovation.** CleanSpace believes innovation and a user centric approach to products will increase engagement with customers. CleanSpace aims to further develop its connectivity and data technology within devices to provide greater customer integration. The objective is that further innovation and development of technology around remote monitoring and reporting systems will create greater use and upselling of products to customers over time, driving incremental revenue growth.

3.6 INTELLECTUAL PROPERTY SUMMARY

CleanSpace products have been developed using proprietary patented technology that relates to the breath algorithms, micro-turbine toroidal motors, miniaturisation and its differentiated breath responsive airflow and compact filters that are used in its product portfolio.

CleanSpace employs a core group of experienced engineers and industrial designers, providing continued investment in technology development. Improvements in product, expanding innovation and product leadership to ensure CleanSpace products may be applied to a wide range of workplace applications is key to growing revenue for CleanSpace. CleanSpace conducts all development in-house and uses no third party providers or consultants for development and has not in-licensed any technology, assisting further in the protection of its intellectual property.

CleanSpace protects all its technology via its global intellectual property strategy and carries out all of the core technology development in-house in the Sydney office. In combination with this intellectual property strategy, CleanSpace has adopted a geographically dispersed supplier base with no one supplier having a material IP contribution to the value chain.

CleanSpace has protected the intellectual property in regards to its innovative technology through 6 patent families and 6 trademarks across multiple jurisdictions with patent coverage for over 10 years (see Intellectual Property Report at Section 9).

3.7 REGULATIONS AND LICENCES

CleanSpace holds a number of regulatory approvals as it operates in the highly regulated safety markets. The respiratory protection market is governed by territory workplace health and safety regulators that set the standards for the manufacturing, sale and use of respiratory equipment.

The USA and Europe are two key PPE markets and the largest respiratory protection markets. These markets are regulated by The National Institute for Occupational Safety and Health (**NIOSH**) within the Centers for Disease Control and Prevention (**CDC**) and European Safety Federation (**CE Mark**) respectively.

CleanSpace products are required to be approved for and comply with various product performance, safety and quality assurance standards for the manufacture and sale of its products. CleanSpace products are tested in independently certified laboratories in Australia, Europe and the USA. In addition, with manufacturing of all products taking place in CleanSpace's facility in Sydney Australia, the facility and Quality Management System are audited regularly by independent certified bodies. The schedule of audits varies across the regulations (CDC-NIOSH, CE Mark, Intrinsically Safe and ISO9001) with some audits conducted half-yearly, annually etc. This results on average in at least one audit or review every second month through the year.

CleanSpace holds a broad range of approvals over a range of regions in order to sell its products in domestic and international markets. To maintain these approvals the CleanSpace facility in Sydney maintains a Quality Management System (**QMS**) that requires conducting testing of finished goods prior to packing.

Respirator testing includes:

- functional testing (seal, airflow and motor control); and
- electronic (battery, audible and visual alarms).

Masks and other accessories have similar functional testing. For example, filters are tested to a 99.97% or higher filtration efficiency for particulates down to 0.3 microns.

CleanSpace maintains component testing records for all products sold including any issues raised in the production process and in the field. The Company offers a minimum two year warranty (from date of sale by the distributor or CleanSpace) on all products sold. The warranty is part of the Company's field surveillance and continuous improvement program.

CleanSpace is also required to hold other approvals and certifications necessary for sale and use of specific products; eye protection, Intrinsically Safe (potentially explosive devices), water tolerance and electronic devices in Australia, the USA, Europe and parts of Asia. The level of regulatory approvals required for CleanSpace accessories varies. Some products, like the hood, require approvals while others, such as the docking station, only need to meet standard electronic compliance requirements. CleanSpace and the CleanSpace Products are currently RoHS (hazardous substances) and REACH (chemical substances) compliant.

These above-mentioned regulations cover key PPE markets including North America, Europe/UK and Australia/NZ and are recognised in other markets that CleanSpace currently sells in to including South East Asia, Japan and the Middle East.

The Regulatory Authorisations are standards and directives relating to:

- Powered respiratory protection equipment: AS/NZS1716 (Australia/NZ), EN12942 / CE Mark (Europe), and CDC-NIOSH (USA);
- Intrinsically Safe equipment (for use in potentially explosive environments);
- Quality assurance of the above mentioned certified respiratory protection and Intrinsically Safe equipment;
- Quality assurance under ISO9001;
- Eye protection equipment;
- Dust and water ingress (IP Rating);
- Medical equipment: TGA Medical Devices;
- Regulated hazardous substances (RoHS and REACH); and
- Electrical equipment.

For compliance with regulations, CleanSpace must undertake the following:

- **Testing and approval of Products:** products must be tested in independently certified laboratories in the respective territories - Australia, Europe and the USA. Testing includes protection performance (seal, airflow, filter efficiency, filter capacity, battery alarms, run time), safety (electronics, sound levels and other functional tests) related to the use and wearing of the product; and evaluation of the instructions for use and user warnings;
- **Review/audit of Facilities and Quality Control documentation:** CleanSpace's manufacturing facility and Quality Management System is audited regularly by independent certified bodies. This includes the controls for Quality assurance and suppliers, manufacturing, finished goods testing as well as equipment calibration and servicing used in the testing of the parts. All CleanSpace products (including respirators, masks and filters) are fully tested and passed prior to packing and shipping to customers. Timing for audits varies across the regulations, for example, CAN/CSA Intrinsically Safe requires half-yearly audits while others, like CE Mark, require audits annually etc. This results in at least one audit or review every second month on average;
- **Field surveillance and product testing.** Under all the respirator and quality control standards, the Company is expected to monitor and respond to issues that arise in the field. CleanSpace products regularly undergo field sampling and testing by the CDC-NIOSH. This involves the independent laboratory purchasing products from the market and testing the devices (for performance, quality and consistency with the original approved products); and
- **Assessment and self-declaration.** In some standards, testing or review can be conducted by the Company to allow it to self-declare products, materials or procedures are compliant with the standard (i.e. battery transportation).

SECTION FOUR

Financial Information



4 Financial Information

4.1 INTRODUCTION

4.1.1 Financial Information

The consolidated financial information for CleanSpace contained in this Section 4 includes:

- **Statutory Historical Financial Information**, being the:
 - historical consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2018 (FY18), 30 June 2019 (FY19), 30 June 2020 (FY20), and for the half year ended 31 December 2019 (1H FY20) (**Statutory Historical Income Statements**);
 - historical consolidated statements of cash flows for FY18, FY19, FY20 and 1H FY20 (**Statutory Historical Cash Flow Statements**); and
 - historical consolidated statement of financial position as at 30 June 2020 (**Statutory Historical Balance Sheet**); and
- **Pro forma Historical Financial Information**, being the:
 - pro forma historical consolidated statements of profit or loss and other comprehensive income for FY18, FY19, FY20, the calendar year ended 31 December 2019 (CY19) and 1H FY20 (**Pro forma Historical Income Statements**);
 - pro forma historical consolidated statements of cash flows for FY18, FY19, FY20 and 1H FY20 (**Pro forma Historical Cash Flow Statements**); and
 - pro forma historical consolidated statement of financial position as at 30 June 2020 (**Pro forma Historical Balance Sheet**).

Together, the Statutory Historical Financial Information and the Pro forma Historical Financial Information are the **Historical Financial Information**;

- **Statutory Forecast Financial Information**, being the:
 - statutory forecast consolidated statements of profit or loss and other comprehensive income for the half year ending 31 December 2020 (1H FY21F) and the calendar year ending 31 December 2020 (CY20F) (**Statutory Forecast Income Statements**); and
 - statutory forecast consolidated statements of cash flows for 1H FY21F and CY20F (**Statutory Forecast Cash Flow Statements**); and
- **Pro forma Forecast Financial Information**, being the:
 - pro forma forecast consolidated statements of profit or loss and other comprehensive income for 1H FY21F and CY20F (**Pro forma Forecast Income Statements**); and
 - pro forma forecast consolidated statements of cash flows for 1H FY21F and CY20F (**Pro forma Forecast Cash Flow Statements**).

Together, the Statutory Forecast Financial Information and the Pro forma Forecast Financial Information are the **Forecast Financial Information**.

The Historical Financial Information and the Forecast Financial Information are collectively the **Financial Information**.

CleanSpace has a 30 June financial year end. As such, any references in this Section to “FY” refer to a 30 June financial year end while references to “CY” refer to pro forma financial information prepared to present results on a 31 December calendar year end basis.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (see Section 4.2);
- an explanation of certain financial measures that are neither recognised by the Australian Accounting Standards Board (**AASB**) or under the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) that are used by CleanSpace and included in this Prospectus to assist investors in understanding the financial performance of the business (see Section 4.2.4). (**non-IFRS financial measures**);
- Historical and Forecast Income Statements (see Section 4.3);
- key operating and financial metrics (see Section 4.3.2);
- pro forma adjustments to the Historical Income Statements and Statutory Forecast Income Statements (see Section 4.3.3);
- Historical and Forecast Cash Flow Statements (see Section 4.4);
- Historical Balance Sheet (see Section 4.5);
- details of CleanSpace’s debt and cash balances as at 30 June 2020 (see Section 4.5.2);
- information regarding CleanSpace’s capital and contractual commitments (see 4.5.3);
- the Directors’ best estimate general assumptions and specific assumptions underlying the Forecast Financial Information and key sensitivities in respect of the Forecast Financial Information (see Sections 4.6 and 4.8);
- Management’s discussion and analysis of the Pro forma Historical Financial Information and the Pro forma Forecast Financial Information (see Section 4.7); and
- CleanSpace’s proposed dividend policy (see Section 4.9).

The Financial Information presented in this Prospectus has been reviewed by PKF Corporate Finance (NSW) Pty Limited (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements *ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Investigating Accountant’s Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant’s Report on the Financial Information (see Section 8).

The information in this Section should also be read in conjunction with the risk factors set out in Section 5, Section 11 which sets out a summary of the significant accounting policies adopted by CleanSpace, and other information contained in this Prospectus.

Unless otherwise noted, all amounts disclosed in the tables are presented in Australian dollars in millions.

Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in the Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of CleanSpace, together with the Forecast Financial Information for 1H FY21F and CY20F.

The Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) adopted by the AASB, which are consistent with IFRS issued by the IASB. The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

CleanSpace's significant accounting policies are described in Section 11.

The Pro forma Financial Information has been prepared in accordance with the recognition and measurement principles of AAS other than certain adjustments which have been prepared in a manner consistent with AAS, that reflect:

- (a) the exclusion of certain transactions that occurred in the relevant periods relating to the historical capital structure that will not apply to CleanSpace as a listed entity going forward; and
- (b) the impact of certain transactions as if they had occurred on or before 30 June 2017 in the Pro forma Historical Financial information and the Pro forma Forecast Financial Information.

The Pro forma Financial Information does not reflect the actual financial results and cash flows of CleanSpace for the periods indicated. CleanSpace believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information. This Prospectus includes Forecast Financial Information based on the specific and general assumptions made by the Directors of CleanSpace.

In addition to the Financial Information, Section 4 describes certain non-IFRS financial measures that are used to manage and report on CleanSpace's business that are not defined under or recognised by AAS or IFRS.

4.2.2 Preparation of Historical Financial Information

The Historical financial report for FY20 was prepared as a general purpose consolidated financial report.

The Historical Financial Information has been extracted from the audited special purpose financial reports of CleanSpace for FY18 and FY19, and from the audited general purpose consolidated financial report of CleanSpace for FY20.

The financial statements for FY18, FY19 and FY20 were audited by PKF(NS) Audit & Assurance Limited (**PKF**) in accordance with the Australian Auditing Standards. PKF issued an unmodified audit opinion on each of the financial reports.

The Historical Financial Information for CY19 and 1H FY20 was reviewed by the Investigating Accountant.

The Pro forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro forma Historical Financial Information has been derived from the Historical Financial Information adjusted for the effects of the pro forma adjustments to reflect:

- the estimated impact of incremental costs associated with CleanSpace being a listed company, including incremental market based executive remuneration arrangements, estimated Board and governance costs, and incremental audit, tax, insurance and compliance costs assuming Completion had occurred on 30 June 2017;
- the impact of the application of *AASB 16 Leases* (**AASB 16**), which was adopted for the year ending 30 June 2020, as if it had been adopted from 1 July 2017;
- the impact of the change in capital structure from all share classes converting into one class of ordinary shares and the existing borrowings being retired; and
- the impact of the Offer including Offer costs that are expensed and Offer costs that are offset against equity.

The Pro Forma Historical Balance Sheet has been derived from the audited Statutory Historical Balance Sheet as at 30 June 2020 adjusted for certain material transactions since that date, as if they had taken place as at 30 June 2020.

The Pro forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of CleanSpace's forecast of CleanSpace's future financial position. Investors should note that past results are not a guarantee of future performance.

4.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information is presented on both a statutory and pro forma basis and has been prepared solely for inclusion in this Prospectus.

The forecast income statements and cash flows for CY20F and for the half year 1H FY21F have been presented on both a statutory and pro forma basis.

The Forecast Financial Information has been based on an assessment of present economic and operating conditions and on a number of assumptions, including the general and specific assumptions set out in Sections 4.6.2 and 4.6.3. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring. The Directors have prepared the Forecast Financial Information with due care and attention and consider all best estimate assumptions to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned to not place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on CleanSpace's actual financial performance, cash flows or financial position. Investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors are advised to review the general assumptions and specific assumptions set out in Sections 4.6.2 and 4.6.3 in conjunction with the notes to the Financial Information, the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and other information set out in this Prospectus. CleanSpace considers that the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus.

CleanSpace has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

4.2.4 Explanation of certain non-IFRS financial measures

CleanSpace uses certain measures to manage and report on its business that are neither recognised by the AASB nor under IFRS. These measures are collectively referred to as "non-IFRS financial measures" under *Regulatory Guide 230 Disclosing non-IFRS financial information* published by ASIC. These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities, and should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although CleanSpace believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

These non-IFRS financial measures that are referred to in this Prospectus include the following:

- **EBITDA** means earnings before interest, tax, depreciation and amortisation. EBITDA eliminates the non-cash charges for depreciation and amortisation, and is therefore useful to help understand the cash generation potential of a business. However, it should not be considered as an alternative to cash flow from operations because it does not reflect actual cash movements or movements in CleanSpace's working capital balances;
- **EBIT** means earnings before interest and tax;
- **Free Cash Flow (FCF)** means EBITDA adjusted for non-cash items, less changes in working capital, and capital expenditure; and
- **Working capital** means the sum of current trade and other receivables, inventories and prepayments, less the sum of trade and other payables, provisions, contract liabilities and employee liabilities.

4.3 HISTORICAL AND FORECAST INCOME STATEMENTS

4.3.1 Overview

Figure 25 below sets out the Pro forma Historical Income Statements for FY18, FY19, FY20 and CY19, Pro forma Forecast Income Statement for CY20F, and the Statutory Forecast Income Statement for CY20F.

The Pro forma Historical Income Statements and the Pro forma Forecast Income Statement where applicable are reconciled to the Historical Income Statements and the Statutory Forecast Income Statement in Section 4.3.3, which also includes an explanation of the pro forma adjustments. For an explanation of the reasons for movements in key income statement line items refer to Section 4.7 Management Discussion and Analysis of the Financial Information and Key Operating Metrics.

FIGURE 25: PRO FORMA HISTORICAL INCOME STATEMENTS, PRO FORMA FORECAST INCOME STATEMENT AND STATUTORY FORECAST INCOME STATEMENT

\$millions		Pro forma Historical				Pro forma Forecast	Statutory Forecast
	Note	FY18	FY19	CY19	FY20	CY20	CY20
Revenue		7.8	11.2	13.9	28.4	52.9	52.9
Cost of sales		(2.4)	(3.5)	(4.4)	(7.4)	(13.2)	(13.2)
Gross Profit		5.4	7.7	9.5	21.0	39.7	39.7
Other Income	1	1.4	1.1	1.0	1.0	1.0	1.0
Employee benefits expense		(3.6)	(4.7)	(5.9)	(8.5)	(11.7)	(11.4)
Marketing and sales expenses		(1.9)	(2.6)	(2.5)	(2.6)	(4.2)	(4.2)
R&D and IP expenses		(1.4)	(1.0)	(1.2)	(1.5)	(1.7)	(1.7)
Other operating expenses		(2.3)	(2.8)	(2.9)	(3.2)	(3.5)	(3.7)
Total Operating Expenses		(9.2)	(11.1)	(12.5)	(15.8)	(21.1)	(21.0)
EBITDA		(2.4)	(2.3)	(2.0)	6.2	19.6	19.7
Depreciation and amortisation	2	(0.3)	(0.4)	(0.4)	(0.5)	(0.7)	(0.7)
EBIT		(2.7)	(2.7)	(2.4)	5.7	18.9	19.0
Finance income/ (costs) net	3	-	-	-	-	(0.1)	(0.2)
Profit before tax		(2.7)	(2.7)	(2.4)	5.7	18.8	18.8
Income Tax Expense		-	-	-	(0.9)	(4.2)	(4.4)
NPAT		(2.7)	(2.7)	(2.4)	4.8	14.6	14.4

Notes

1. Other income includes R&D Tax incentives, government grants and other sundry income.
2. Depreciation and amortisation reflects the depreciation of property, plant and equipment and predominantly relates to amortisation applicable to the right of use of the lease assets (in accordance with the new lease accounting standard AASB 16 Leases) which has been adopted in the CY20 Statutory Forecast Income Statement and applied for all years in the Pro forma Financial Information).
3. Finance costs represent interest expense in respect of the lease liability (in accordance with the new lease accounting standard AASB 16 Leases) which has been adopted in the CY20 Statutory forecast and applied for all years in the Pro forma Financial Information). Finance costs exclude the costs associated with the historical financing arrangements of CleanSpace, and in particular the NSW Health loan funding which will be repaid from the proceeds of the Offer. See Section 4.5.2 for further details on CleanSpace's cash and debt as at 30 June 2020.

FIGURE 26: PRO FORMA HISTORICAL AND FORECAST HALF YEAR INCOME STATEMENTS AND STATUTORY HISTORICAL AND FORECAST HALF YEAR INCOME STATEMENTS

\$millions		Pro forma Historical	Pro forma Forecast	Statutory Historical	Statutory Forecast
	Note	1H FY20	1H FY21	1H FY20	1H FY21
Revenue		7.3	31.8	7.3	31.8
Cost of sales		(2.3)	(8.2)	(2.3)	(8.2)
Gross Profit		5.0	23.6	5.0	23.6
Other Income	1	-	-	-	-
Employee benefits expense		(3.4)	(6.5)	(3.0)	(6.5)
Marketing and sales expenses		(1.3)	(2.8)	(1.3)	(2.8)
R&D and IP expenses		(0.7)	(0.8)	(0.7)	(0.8)
Other operating expenses		(1.5)	(1.9)	(1.0)	(2.5)
Total Operating Expenses		(6.9)	(12.0)	(6.0)	(12.6)
EBITDA		(1.9)	11.6	(1.0)	11.0
Depreciation and amortisation	2	(0.2)	(0.5)	(0.2)	(0.5)
EBIT		(2.1)	11.1	(1.2)	10.5
Finance income/ (costs) net	3	-	(0.1)	(0.1)	(0.1)
Profit before tax		(2.1)	11.0	(1.3)	10.4
Income Tax Expense		-	(3.3)	-	(3.1)
NPAT		(2.1)	7.7	(1.3)	7.3

Notes: Refer to notes to Figure 25.

4.3.2 Key operating metrics

FIGURE 27: PRO FORMA HISTORICAL ANNUAL AND FORECAST ANNUAL KEY OPERATING AND FINANCIAL METRICS FOR FY18 TO CY20F

\$millions		Pro forma Historical				Pro forma Forecast
	Note	FY18	FY19	CY19	FY20	CY20
Key Operating Metrics						
Respirators Revenue	1	4.5	6.5	8.0	15.0	28.8
Consumables, Accessories and Other Revenue	2	3.3	4.7	5.9	13.4	24.2
Respirators % of Revenue		58%	58%	57%	53%	54%
Consumables, Accessories and Other % of Revenue		42%	42%	43%	47%	46%
Revenue Growth						
Total Revenue		n/a	44%	n/a	153%	280%
Respirators Revenue		n/a	45%	n/a	130%	261%
Consumables, Accessories and Other Revenue		n/a	42%	n/a	185%	306%
Profitability						
Gross Margin		70%	68%	68%	74%	75%
EBITDA Margin		(30%)	(21%)	(14%)	22%	37%
EBIT Margin		(34%)	(24%)	(17%)	20%	36%

Notes

1. Respirator revenues relate to revenue derived from the sale of CleanSpace's respirator units. See Section 3.4 for further details.
2. Consumables, accessories and other revenue relates to all other revenue items and includes: sales of masks, filters, docking stations and other accessories used with respirators, services revenue, and freight revenue; less distributor rebates and other adjustments. See Section 3.4.4 for further details.

FIGURE 28: PRO FORMA HISTORICAL AND PRO FORMA FORECAST HALF YEAR KEY OPERATING AND FINANCIAL METRICS FOR 1H FY20 AND 1H FY21F

\$millions		Pro forma Historical	Pro forma Forecast
	Note	1H FY20	1H FY21
Key Operating Metrics			
Respirators Revenue	1	4.1	17.8
Consumables, Accessories and Other Revenue	2	3.2	14.0
Respirators % of Revenue		56%	56%
Consumables, Accessories and Other % of Revenue		44%	44%
Revenue Growth			
Total Revenue		n/a	338%
Respirators Revenue		n/a	336%
Consumables, Accessories and Other Revenue		n/a	340%
Profitability			
Gross Margin		68%	74%
EBITDA Margin		(25%)	37%
EBIT Margin		(28%)	35%

Notes: Refer to notes to Figure 27.

4.3.3 Pro forma Adjustments to the Historical Income Statements and Statutory Forecast Income Statements

FIGURE 29: PRO FORMA ADJUSTMENTS TO THE INCOME STATEMENTS FROM FY18 TO FY20F

\$millions		Historical				Forecast
	Note	FY18	FY19	CY19	FY20	CY20
Statutory EBITDA		(0.7)	(0.8)	(0.4)	7.9	19.8
Additional listed entity costs	1	(1.7)	(1.7)	(1.7)	(1.7)	(1.1)
Remove listing costs	2	-	-	-	-	0.9
Adoption of AASB 16 Leases	3	0.1	0.1	0.1	0.1	-
Pro forma EBITDA		(2.3)	(2.4)	(2.0)	6.3	19.6
Statutory NPAT		(1.1)	(1.1)	(0.8)	5.9	14.5
Remove finance costs/ income	4	0.1	0.1	0.1	0.1	0.1
Additional listed entity costs	1	(1.7)	(1.7)	(1.7)	(1.7)	(1.1)
Remove listing costs	2	-	-	-	-	0.9
Tax on Adjustments	5	-	-	-	0.4	0.2
Pro forma NPAT		(2.7)	(2.7)	(2.4)	4.7	14.6

Notes

- Represents the estimated incremental costs that CleanSpace will incur as a listed public company. The additional costs include incremental market based executive remuneration arrangements, estimated Board and governance costs, and incremental insurance, audit, tax and compliance costs assuming Completion had occurred on 30 June 2017. Share options will be issued to Directors and key management on Completion that will have an associated share-based payment expense. However, due to the vesting conditions of the Options, CleanSpace is not able to reliably estimate an appropriate historical expense and therefore has excluded such cost from the incremental listed company expense adjustments. Refer to Section 6.3 for details on the share options.
- Total transaction expenses of the Offer are estimated at \$7.0 million. Of the \$7.0 million offer costs, an estimated \$5.0 million (before tax) relates to the sale of existing Shares by SaleCo which will be deducted from the proceeds paid to the selling shareholders. Of the remaining \$2.0 million, an estimated \$1.0 million (before tax) is attributed to the issue of new Shares by CleanSpace and will be offset against equity raised in the Offer. The accounting for Offer costs will be finalised concurrent with the preparation of the 31 December 2020 half year accounts.

3. This adjustment reflects the removal of operating lease rentals and replacement with amortisation of right of use assets and interest on lease liability in accordance with AASB 16 Leases.
4. Represents the pro forma impact of removing the costs associated with the historical financing arrangements of CleanSpace, and in particular the NSW Health loan funding which will be repaid from the proceeds of the Offer. See Section 4.5.2 for further details on CleanSpace's cash and debt as at 30 June 2020.
5. This adjustment reflects the reversal of the statutory historical and forecast tax expense and replacement with the pro forma tax expense calculated using the Australian corporate tax rate of 27.5% until 30 June 2020 and 30% from 1 July 2020 subject to adjustments for non-taxable items such as R&D tax incentives.

FIGURE 30: PRO FORMA ADJUSTMENTS TO THE INCOME STATEMENTS FOR 1H FY20 AND 1H FY21F

\$millions	Note	Historical	Forecast
		1H FY20	1H FY21
Statutory EBITDA		(1.0)	11.0
Additional listed entity costs	1	(0.8)	(0.3)
Remove listing costs	2	-	0.9
Adoption of AASB 16 Leases	3	-	-
Pro forma EBITDA		(1.8)	11.6
Statutory NPAT		(1.3)	7.3
Remove finance costs/ income	4	0.1	-
Additional listed entity costs	1	(0.8)	(0.3)
Remove listing costs	2	-	0.9
Tax on Adjustments	5	-	(0.2)
Pro forma NPAT		(2.0)	7.7

Notes: Refer to notes to Figure 29.

4.3.4 Segment information

CleanSpace operates in one business segment being the design, manufacture and sale of respirators and related products and services.

4.3.5 Historical Income Statements

FIGURE 31: HISTORICAL INCOME STATEMENTS (FY18 TO FY20)

\$millions		Statutory Historical		
	Note	FY18	FY19	FY20
Revenue		7.8	11.2	28.4
Cost of sales		(2.4)	(3.5)	(7.4)
Gross Profit		5.4	7.7	21.0
Other Income	1	1.4	1.1	1.0
Employee benefits expense		(2.9)	(4.0)	(7.8)
Marketing and sales expenses		(1.9)	(2.6)	(2.6)
R&D and IP expenses		(1.4)	(1.0)	(1.5)
Other operating expenses		(1.4)	(1.9)	(2.2)
Total Operating Expenses		(7.6)	(9.5)	(14.1)
EBITDA		(0.8)	(0.7)	7.9
Depreciation and amortisation	2	(0.2)	(0.3)	(0.4)
EBIT		(1.0)	(1.0)	7.5
Finance income/ (costs) net	3	(0.1)	(0.1)	(0.1)
Profit before tax		(1.1)	(1.1)	7.4
Income Tax Expense		-	-	(1.4)
NPAT		(1.1)	(1.1)	6.0

Notes

1. Other income includes R&D Tax incentives, government grants and other miscellaneous income.
2. Depreciation reflects the depreciation of property, plant and equipment. Amortisation predominantly relates to amortisation applicable to the right of use of the lease assets (in accordance with the new lease accounting standard AASB 16 Leases) which was adopted with effect from FY20 for the Statutory Financial Information.
3. Finance costs include the costs associated with the historical financing arrangements of CleanSpace, and in particular the NSW Health loans funding. Finance costs for FY20 include interest expense in respect of the lease liability (in accordance with the new lease accounting standard AASB 16 Leases) which was only adopted with effect from FY20 for the Statutory Financial Information. See Section 4.5.2 for further details on CleanSpace's net debt as at 30 June 2020.

4.4 HISTORICAL AND FORECAST CASH FLOW STATEMENTS

4.4.1 Pro forma Historical and Forecast Cash Flow Statements and Statutory Forecast Cash Flow Statements

Figure 32 below sets out the Pro forma Historical Cash Flow Statements for FY18, FY19 and FY20, the Pro forma Forecast Cash Flow Statement for CY20F and the Statutory Forecast Cash Flow Statement for CY20F. The Pro forma Forecast Cash Flow Statements and the Statutory Forecast Cash Flow Statement are subject to the general assumptions and the specific assumptions underlying the Forecast Financial Information (see Section 4.6 for further details).

FIGURE 32: PRO FORMA HISTORICAL AND FORECAST CASH FLOW STATEMENTS (FY18 TO CY20F) AND STATUTORY FORECAST CASH FLOW STATEMENT (CY20F)

\$millions		Pro forma Historical			Pro forma Forecast	Statutory Forecast
	Note	FY18	FY19	FY20	CY20	CY20
EBITDA		(2.3)	(2.3)	6.2	19.7	19.8
Non-cash flow adjustments in EBITDA		-	-	0.1	0.1	0.1
Changes in working capital	1	(0.2)	(0.2)	(3.2)	(2.1)	(2.1)
Operating cash flows pre-financing and tax		(2.5)	(2.5)	3.1	17.7	17.8
Capital expenditure	2	(0.2)	(0.1)	(0.4)	(1.2)	(1.2)
Free Cash Flow		(2.7)	(2.6)	2.7	16.5	16.6
Tax paid						-
Net finance costs						(0.2)
Lease payments	3					(0.3)
(Repayment)/ proceeds of borrowings	4					(2.4)
Proceeds from issue of shares net of costs	5					19.0
Cash flow pre increase in bank term deposits						32.7
(Investment) in bank term deposits	6					(24.4)
Increase/(decrease) in cash						8.3
<i>Operating cash flows - including finance and tax</i>						<i>17.7</i>
<i>Investing cash flows - including term deposits</i>						<i>(25.7)</i>

Notes

1. Comprises changes in trade and other receivables, inventories, trade and other payables, accrued expenses and provisions, deferred revenues and other working capital balances, over the relevant period.
2. Capital expenditure relates to property, plant and equipment, including the initial fit-out of the new St Leonard's facility.
3. Reflects the cash impact of the lease payments that are excluded from EBITDA in accordance with AASB 16 Leases.
4. Repayment of borrowings reflects the repayment of the first NSW Health loan following completion of the capital raising.
5. Estimated proceeds of the Offer of \$131.4 million which will be used to fund the payment of \$111.4 million to SaleCo (which in turn, will pay this amount on to the Selling Shareholders) for the transfer of the Sale Shares, with net proceeds to CleanSpace of \$20.0 million from the issue of New Shares.
Total estimated costs of the Offer are \$7.0 million of which \$5.0 million will be paid by SaleCo and the selling shareholders. The balance of the costs of the Offer \$2.0 million will be paid by CleanSpace. Of this, \$1.0 million will be expensed in respect of the listing process, and is included in statutory EBITDA for CY20, and \$1.0 million will be offset against the proceeds of the New Shares.
6. CleanSpace holds surplus cash in short-term bank deposits which do not qualify for recognition as cash and cash equivalents in accordance with accounting standards, and so are reflected as investment cash flows in the Statutory Cash Flow Statement. These are shown separately within the pro forma numbers to highlight the underlying operating cash flow generated or used by CleanSpace.

FIGURE 33: PRO FORMA HISTORICAL AND PRO FORMA FORECAST CASH FLOW STATEMENTS AND STATUTORY HISTORICAL AND FORECAST CASH FLOW STATEMENTS (1H FY20 AND 1H FY20F)

\$millions		Pro forma Historical	Pro forma Forecast	Statutory Historical	Statutory Forecast
	Note	1H FY20	1H FY21	1H FY20	1H FY21
EBITDA		(1.8)	11.6	(1.0)	11.0
Non-cash flow adjustments in EBITDA		-	-	-	-
Changes in working capital	1	0.3	1.4	0.3	1.4
Operating cash flows pre-financing and tax		(1.5)	13.0	(0.7)	12.4
Capital expenditure	2	(0.2)	(1.1)	(0.2)	(1.1)
Free Cash Flow		(1.7)	11.9	(0.9)	11.3
Tax paid				-	-
Net finance costs				(0.1)	(0.1)
Lease payments	3			(0.1)	(0.3)
(Repayment)/ proceeds of borrowings	4			2.3	(2.4)
Proceeds from issue of shares net of costs	5			-	19.0
Cash flow pre increase in bank term deposits				1.2	27.6
(Investment) in bank term deposits	6			(1.5)	(24.4)
Increase/(decrease) in cash				(0.3)	3.1
<i>Operating cash flows - including finance and tax</i>				<i>(0.8)</i>	<i>12.3</i>
<i>Investing cash flows - including term deposits</i>				<i>(1.7)</i>	<i>(25.5)</i>

Notes: Refer to notes for Figure 32.

4.4.2 Pro forma adjustments to the Historical and Statutory Forecast Cash Flow Statements

FIGURE 34: PRO FORMA ADJUSTMENTS TO THE HISTORICAL CASH FLOW STATEMENTS AND STATUTORY FORECAST CASH FLOW STATEMENT (FY18 TO CY20F)

\$millions		Historical			Forecast
	Note	FY18	FY19	FY20	CY20
Statutory Free Cash Flow		(1.1)	(1.0)	4.4	16.6
Incremental listed entity costs	1	(1.7)	(1.7)	(1.7)	(1.1)
Add back Offer costs expensed	2	-	-	-	0.9
Impact of lease accounting	3	0.1	0.1	0.1	-
Pro forma Free Cash Flow		(2.7)	(2.6)	2.8	16.4

Notes: Refer to notes to Figure 29 for Notes 1 to 3.

FIGURE 35: PRO FORMA ADJUSTMENTS TO THE HISTORICAL AND STATUTORY FORECAST CASH FLOW STATEMENTS (1H FY20 AND 1H FY21F)

\$millions	Note	Historical	Forecast
		1H FY20	1H FY21
Statutory Free Cash Flow		(0.9)	11.3
Incremental listed entity costs	1	(0.8)	(0.3)
Add back Offer costs expensed	2	-	0.9
Impact of lease accounting	3	-	-
Pro forma Free Cash Flow		(1.7)	11.9

Notes: Refer to notes for Figure 29 for Notes 1 to 3.

4.4.3 Historical Cash Flow Statements

FIGURE 36: HISTORICAL CASH FLOW STATEMENTS (FY18 TO FY20)

\$millions	Note	Statutory Historical		
		FY18	FY19	FY20
EBITDA		(0.7)	(0.8)	7.9
Non-cash flow adjustments in EBITDA		-	0.1	0.1
Changes in working capital	1	(0.2)	(0.2)	(3.2)
Operating cash flows pre-financing and tax		(0.9)	(0.9)	4.8
Capital expenditure	2	(0.2)	(0.1)	(0.4)
Free Cash Flow		(1.1)	(1.0)	4.4
Tax paid		-	-	-
Net finance costs		(0.1)	(0.1)	(0.1)
Lease payments	3	-	-	(0.1)
(Repayment)/ proceeds of borrowings	4	0.1	-	2.3
Proceeds from issue of shares net of costs	5	3.6	-	-
Cash flow pre increase in bank term deposits		2.5	(1.1)	6.5
(Investment) in bank term deposits	6	0.7	(1.4)	(1.5)
Increase/(decrease) in cash		3.2	(2.5)	5.0
<i>Operating cash flows - including finance and tax</i>		<i>(1.1)</i>	<i>(0.9)</i>	<i>4.7</i>
<i>Investing cash flows - including term deposits</i>		<i>0.5</i>	<i>(1.5)</i>	<i>(1.9)</i>

Notes: Refer to notes for Figure 32 for Notes 1 to 6.

4.5 HISTORICAL BALANCE SHEET

4.5.1 Overview

Figure 37 sets out the adjustments that have been made to the Historical Balance Sheet of CleanSpace as though the Offer had been completed on 30 June 2020.

The Pro forma Historical Balance Sheet is provided for illustrative purposes only and is not necessarily indicative of CleanSpace's future financial position.

FIGURE 37: ADJUSTMENTS MADE TO THE STATUTORY BALANCE SHEET AS AT 30 JUNE 2020

\$millions	June 2020 Statutory	New Shares	Offer Costs	Debt Repayment	New Leases	ESOP Schemes	Cash M'ment	June 2020 Pro forma
Notes		1	2	3	4	5	6	
Cash at bank	6.7	20.0	(2.0)	(4.7)	-	-	11.0	31.0
Trade and other receivables	8.7	-	-	-	-	0.1	-	8.8
Financial assets - cash deposits	3.6	-	-	-	-	-	-	3.6
Inventories	1.8	-	-	-	-	-	-	1.8
Other assets	0.2	-	-	-	-	-	-	0.2
Total current assets	21.0	20.0	(2.0)	(4.7)	-	0.1	11.0	45.4
Property, plant and equipment	0.9	-	-	-	-	-	-	0.9
Right of use assets	0.1	-	-	-	2.3	-	-	2.4
Deferred tax assets	0.9	-	0.2	-	-	-	-	1.1
Total non current assets	1.9	-	0.2	-	2.3	-	-	4.4
Total assets	22.9	20.0	(1.8)	(4.7)	2.3	0.1	11.0	49.8
Trade and other payables	4.3	-	-	-	-	-	-	4.3
Current tax liabilities	2.2	-	(0.3)	-	-	-	-	1.9
Contract liabilities	1.0	-	-	-	-	-	-	1.0
Borrowings	2.4	-	-	(2.4)	-	-	-	-
Provisions	0.3	-	-	-	-	-	-	0.3
Employee liabilities	0.3	-	-	-	-	-	-	0.3
Lease liabilities	0.1	-	-	-	0.4	-	-	0.5
Total current liabilities	10.6	-	(0.3)	(2.4)	0.4	-	-	8.3
Lease Liabilities	-	-	-	-	1.9	-	-	1.9
Borrowings	2.3	-	-	(2.3)	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Employee liabilities	0.2	-	-	-	-	-	-	0.2
Total non current liabilities	2.5	-	-	(2.3)	1.9	-	-	2.1
Total liabilities	13.1	-	(0.3)	(4.7)	2.3	-	-	10.4
Net assets	9.8	20.0	(1.5)	-	-	0.1	11.0	39.4
Issued capital	14.3	20.0	(0.7)	-	-	0.1	-	33.7
Accumulated losses	(4.6)	-	(0.7)	-	-	(0.4)	11.0	5.3
Other reserves	-	-	-	-	-	0.4	-	0.4
Total equity	9.7	20.0	(1.4)	-	-	0.1	11.0	39.4

Notes

1. Proceeds of the Offer

Estimated proceeds of the Offer are \$131.4 million of which:

- \$111.4 million will be received by SaleCo, which in turn, will pay this amount on to the Selling Shareholders (less costs agreed to be borne by the selling shareholders of \$5.0 million) for the transfer of the Sale Shares; and
- \$20.0 million will be received by CleanSpace for the issue of the New Shares.

2. Costs of the Offer

Total estimated costs of the Offer are \$7.0 million of which \$5.0 million will be paid by SaleCo and the selling shareholders.

The balance of the costs of the Offer \$2.0 million will be paid by CleanSpace. Of this \$1.0 million will be offset against the proceeds of the New Shares in equity and \$1.0 million will be expensed in respect of the listing process.

Income tax and deferred tax assets have been recognised in respect of the costs of the Offer borne by CleanSpace which are expected to be deductible for tax purposes in future.

3. Debt repayment

\$4.7 million of the Offer proceeds is to be used to repay debt owing to NSW Health. \$2.4 million is expected to be repaid by December 2020. It is anticipated that the remainder will be repaid in 2021.

4. Lease liabilities

Since 30 June 2020, CleanSpace has entered into leases for a new (second) site in St Leonards, Sydney, NSW, to allow for the continued expansion of the business. The entry into these leases created a Right of Use Asset of \$2.3 million and a corresponding Lease Liability.

5. Employee share schemes

Prior to the Offer, CleanSpace had a historical Employee Share Scheme which will be finalised and terminated immediately prior to the completion of the Offer, giving rise to \$0.1m in new share capital. A grant of options under a new Employee Share Scheme was approved on 25 September 2020 and will be implemented in FY21. In conjunction with the Offer a one-off grant of \$0.4 million in share scheme interests will be issued to the Directors in recognition of past service and the Offer process.

6. Cash collections

Between 30 June 2020 and the listing date, CleanSpace has generated positive cash flow from its operations. This reduced the amount CleanSpace has sought to raise through the Offer and provides the company with a stronger balance sheet. For the purposes of the pro forma balance sheet 100% of this cash has been treated as an adjustment to retained earnings. The actual adjustment will be split between retained earnings and working capital.

4.5.2 Indebtedness, liquidity and capital resources

Other than property operating lease liabilities recognised under the new AASB 16 Leases, for which corresponding Right of Use Assets have also been recognised, and following repayment of the NSW Health loans, CleanSpace has no significant debt.

Instead, following Completion, CleanSpace's principal source of liquidity will consist of cash and cash term deposits on the balance sheet. On Completion, CleanSpace considers it will have sufficient capital to carry out its stated objectives.

Figure 38 sets out the net cash position of CleanSpace as at 30 June 2020, on a statutory basis (before Completion) and on a pro forma basis (following Completion).

FIGURE 38: STATUTORY AND PRO FORMA NET CASH POSITION AS AT 30 JUNE 2020

\$millions	Statutory	Pro forma
Cash	6.7	31.1
Financial assets - term deposits	3.6	3.6
Total cash	10.3	34.7
Current borrowings	2.4	-
Non-current borrowings	2.3	-
Total debt	4.7	-
Net cash	5.6	34.7

Note – the date of the repayment of the non-current borrowings is determined by the successful completion of the Clinical Project. The repayment date is not yet known. It is anticipated that repayment will occur in 2021.

4.5.3 Contractual obligations and commitments

At 30 June 2020, CleanSpace had future commitments under operating and finance leases of \$0.1 million and commitments for capital expenditure of \$0.3 million.

On the 1 August 2020 two new commercial leases (a lease and a sub-lease) were entered into for a period of five years. The initial base rent is \$0.6 million per annum.

4.6 FORECAST FINANCIAL INFORMATION

4.6.1 Overview

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by CleanSpace, which are in accordance with the AAS and are disclosed in Section 11.

The Forecast Financial Information is based on various general and specific assumptions concerning future events, including those set out below. The assumptions explained below are set out in summary only and do not represent all factors that may affect CleanSpace's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring but is not intended to be a representation that the assumptions will occur.

In preparing the Forecast Financial Information, for 1H FY21 and CY20F CleanSpace reflected:

- known results and events for the period until the 31 August 2020;
- known committed orders and updated revenue and margin forecasts for the four months ended 31 December 2020;
- budgeted operating expenses for the four months ended 31 December 2020 updated for known changes and the commencement of growth initiatives funded by the capital raising; and
- the effects of the IPO and capital raising.

CleanSpace has also undertaken an analysis of historical performance and applied assumptions in order to benchmark future performance forecasts.

CleanSpace has prepared the Forecast Financial Information with due care and attention and believe the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, the actual results are likely to vary from the forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information are based are, by their nature, subject to significant uncertainties and contingencies, many of which are outside the control of CleanSpace and the members of its Board and are not reliably predictable.

Accordingly, no assurance is given that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

4.6.2 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- there is no material change in the competitive and operating environments in which CleanSpace operates;
- there is no material change in the legislative regimes (including tax) and regulatory environment in which CleanSpace operates;
- there is no change in applicable AASs and IFRS that has not been identified in this Section 4.6 that would have a material impact on CleanSpace's accounting policies, financial reporting or disclosure requirements;
- there is no material amendment to, or termination of, any material agreement relating to CleanSpace's business other than as disclosed in this Prospectus;

- there are no significant disruptions to the continuity of operations of the CleanSpace Group (and there are no other material changes in CleanSpace's business). Some minor disruption to operations may occur when new premises at St Leonards become operational (anticipated to occur in October 2020);
- there are no material acquisitions, disposals, restructures or investments for the CleanSpace Group other than as set out in this Prospectus;
- there are no material changes to CleanSpace's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- there is no loss of key management personnel and CleanSpace will maintain the ongoing ability to recruit and retain required personnel required to support the future growth of the business;
- there are no significant changes in key foreign exchange rates (in particular USD and Euro) for the remainder of the forecast period;
- there are no claims or material litigation, including industrial action or other disturbances, that will arise or be decided or settled to the detriment of CleanSpace;
- there are no additional contingent liabilities that will arise or be realised to the detriment of CleanSpace;
- none of the key risks set out in Section 5 eventuates, or if they do, none of them has a material adverse impact on the operations of CleanSpace; and
- the Offer proceeds are received in accordance with the timetable set out on Page 5 Key Offer Details of this Prospectus.

4.6.3 Specific assumptions

4.6.3.1 Revenue and Margins

The Forecast Financial Information is based on the following key revenue and margin assumptions:

- Known and expected revenues and margins for the period to 31 August 2020;
- Actual known product quantities ordered by customers and scheduled to be delivered between 1 September 2020 and 31 December 2020;
- Estimated other product quantities to be sold between 1 September and 31 December 2020, based on specific forecasts for key products, average run rates and ratios for other accessories and consumables, and reflecting capacity restrictions, including the migration to new facilities and holiday period closures; and
- Average product selling prices and margins reflecting different sales markets, channels and pricing structures.

4.6.3.2 Other Income

To reflect historical patterns of receipt, the Forecast Financial Information includes only known other income for the period to 31 August 2020 with no additional other income forecasted to be received in the period to 31 December 2020.

4.6.3.3 Operating expenses

The Forecast Financial Information is based on the following key operating expense assumptions:

- **Salaries and wages expenses** are expected to increase reflecting the full period / year impacts of those employees hired during the previous and current financial periods to support the scale up of the business. The largest area of hires post the Capital Raising are anticipated to be in sales and marketing to support the growth expected. This includes hires in areas of customer, technical and training support for customers. In addition, salaries and wages reflect market-based adjustments for KMP's (including Directors) as part of a benchmarking review for the IPO process;
- **Marketing and Sales expenses** are expected to increase during the forecast period, reflecting the expansion of activity in both existing and new markets. Restricted travel is anticipated to be ongoing through the forecast period with funds historically budgeted for travel reallocated to marketing activities;

- **Research and Development and Intellectual Property expenses** are expected to increase during the forecast period reflecting continued commitment to expand the IP to develop new and improved products and services. With the commercial growth in technology, further investment to protect CleanSpace's IP assets is anticipated; and
- **Other Operating expenses** on a pro forma basis are expected to increase in line with the growth of the general business activities. On a statutory basis the Other Operating expenses are also expected to increase materially because of the costs of the Capital Raising and Listing process.

Overall, operating expenses are expected to continue to decline as a percentage of revenue reflecting the operating leverage with the growth of the CleanSpace business.

4.6.3.4 Depreciation and amortisation

The Forecast Financial Information is based on the following key depreciation and amortisation assumptions:

- Depreciation is based on the current property, plant and equipment's depreciation schedules and includes depreciation for planned capital expenditure, including for the initial set-up of the new St Leonards facilities; and
- Amortisation is based on the amortisation schedules for CleanSpace's Rights of Use Assets, including in respect of the leases for the new St Leonards property.

4.6.3.5 Net finance expense

The Forecast Financial Information includes interest expense on the property lease liabilities recognised under AASB 16 Leases.

4.6.3.6 Income tax

The Forecast Financial Information is based on the following key income tax assumptions:

- a headline income tax rate of 27.5% has been applied until 30 June 2020 as the company was assessed as a base rate entity. From 1 July 2020 onwards a headline income tax rate of 30% is applied across the business. In all years the headline rate is adjusted for additional tax relief on eligible research and development expenditure under the Research and Development Tax Initiative;
- statutory tax payment obligations and expected timing, reflecting the differences between the accounting and tax cost base of the assets, and deductibility of Offer costs over a five year period; and
- pro forma tax payments excluding the impact of deductibility of Offer costs (which are excluded from Pro forma forecast earnings of CleanSpace).

4.6.3.7 Changes in working capital

The Forecast Financial Information is based on the following key changes in working capital assumptions:

- trade receivables and deferred revenue are consistent with the historical and prevailing customer invoicing and collection experience;
- inventories continue to increase in line with growth, production schedules and customer expectations for supplies of consumables and accessories; and
- trade and other payables are in accordance with current terms with suppliers.

4.6.3.8 Capital expenditure

The Forecast Financial Information is based on planned levels of capital expenditure. It includes the one-off fit-out and expansion costs for the new St Leonards facility in addition to the purchases of other tools and machinery (replacement, scale-up and back-up equipment used for R&D and production purposes).

4.6.3.9 Right of Use Assets and Lease Liabilities

The Forecast Financial Information includes Right of Use Assets and corresponding Lease Liabilities for CleanSpace's property leases including in respect of leases signed during the Forecast Period.

4.7 MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA FINANCIAL INFORMATION AND KEY OPERATING METRICS

4.7.1 Overview

Below is a discussion of CleanSpace Group's revenues and expenses; and the main drivers of the Group's historical operating and financial performance. CleanSpace expects many of these drivers to continue during the period of the Forecast Financial Information.

The discussion is intended to provide a brief summary only and does not detail all the factors that impacted the historical operating and financial performance; nor does it include everything which may impact CleanSpace's operating and financial performance in the future.

Unless otherwise stated, all metrics and financial information presented in this section, and the related commentary is on a pro forma basis only. The information in this Section 4 should also be read in conjunction with the general and specific assumptions in Sections 4.6.2 and 4.6.3, the sensitivities in Section 4.8, key risk factors set out in Section 5 and the other information contained in this Prospectus.

4.7.2 Revenue

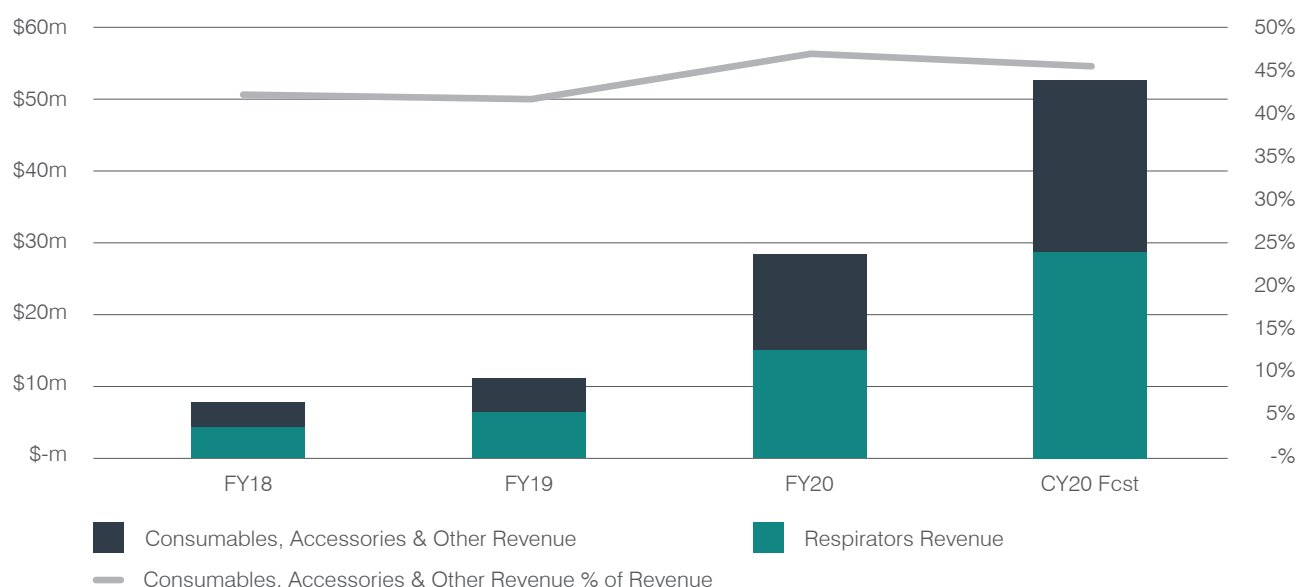
As discussed in Section 3, CleanSpace has two main types of revenues:

- **Respirator revenues:** reflects sales of the respirator units only; and
- **Consumables, accessories and other revenues:** reflects all other revenue and revenue adjustments. This is substantially related to the sales of accessories and consumable items, including masks, filters and docking stations. It also includes freight recoveries and deductions for customer rebates and payment incentives.

See Section 11 for further detail on CleanSpace's revenue recognition policies.

Figure 39 illustrates the historical and forecast revenue from FY18 to CY20F, split between Respirator and Consumable, Accessories and other revenues.

FIGURE 39: CLEANSPEACE PRO FORMA REVENUES (\$ MILLIONS) (FY18 TO CY20F)



4 | Financial Information

The CleanSpace Group generates revenues from the initial sale of respirator units and accessories and repeat purchases of further accessories and consumables. It is anticipated that consumables, accessories and other revenue will continue to be approximately 45% of total revenue for the forecast period. CleanSpace sells to two sector markets (healthcare and industrial) via two sales channels:

- Distributors - 100% of Industrial sales are via distributors; with Healthcare sales in certain locations (e.g. Japan, Singapore) also via distributors; and
- Direct - Healthcare sales in some locations - e.g. USA, Australia, the UK and parts of South East Asia

From FY18 to FY19, CleanSpace reported a 44% increase in revenues from \$7.8 million to \$11.2 million.

Key drivers contributing to revenue growth in FY19 included:

- 56% growth in CleanSpace's industrial sales in Europe, especially through French, German and UK distributors;
- 143% growth in CleanSpace's North America's industrial sales as the Group expanded its distribution and sales reach; and
- CleanSpace increased pricing across its range on 1 January 2019 in all markets (except North America). The price increase ranged between 2.5% to 3.5%.

From FY19 to FY20, CleanSpace reported a \$17.2 million increase in revenues from \$11.2m to \$28.4 million. The key driver of revenue growth in FY20 was the high demand for PPE (including respirators) due to the COVID-19 pandemic. CleanSpace sales grew in all regions, with notable growth in:

- South East Asia, as CleanSpace entered the Japanese, Malaysia, Hong Kong, Philippines, Korean and Taiwan markets;
- 26% sales growth in CleanSpace's healthcare and industrial markets in Europe
- 365% sales growth in CleanSpace's Australian and New Zealand markets with growth in both industrial (partly due to increased awareness of health risks due to silica hazards and tightening silica legislation) and healthcare due to the pandemic; and
- 458% sales growth in the USA driven by sales to US healthcare providers.

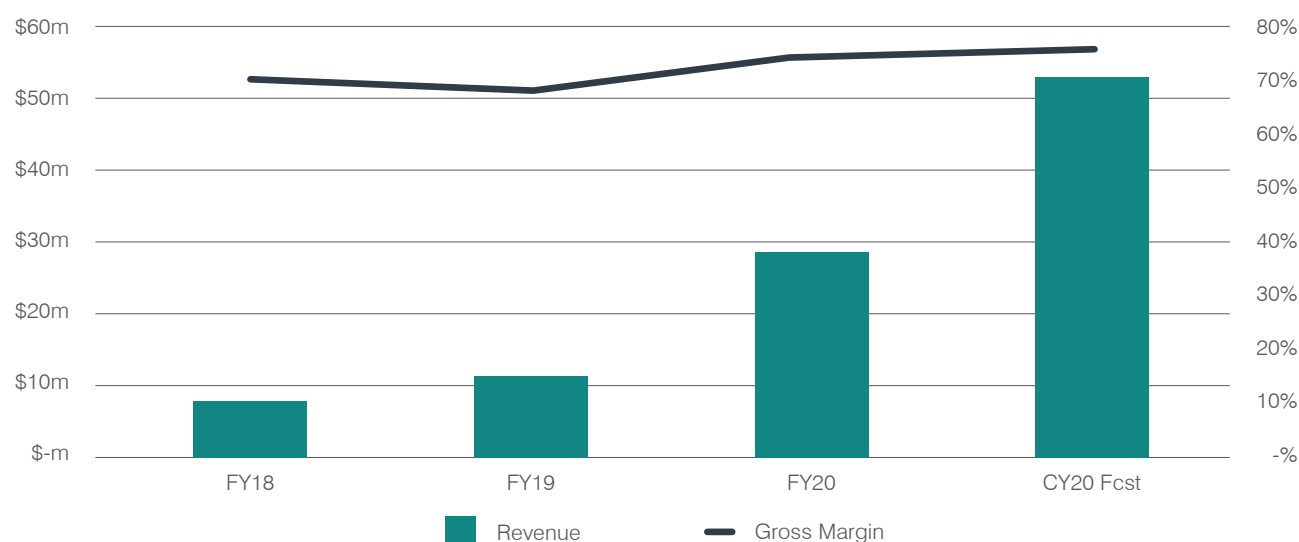
For CY20F, further growth of 86% over FY20, to \$52.9 million, is forecast. The key drivers of growth during this period are expected to include:

- The COVID-19 pandemic with ongoing waves of infection that is anticipated to drive PPE demand and specifically respirator demand from healthcare providers;
- Guideline changes in health services for higher protection, reusable and more comfortable devices;
- Government funding initiatives flagged for pandemic preparedness;
- Repeat sales of consumables and accessories into the increased installed base of CleanSpace users;
- Expanded sales teams and marketing activities (e.g. advertising) in all regions; and
- Continued market momentum and adoption increasing sales of CleanSpace's industrial products.

4.7.3 Gross Profit Margins

Figure 40 illustrates the historical and forecast revenue and gross profit and margins from FY18 to CY20F.

FIGURE 40: CLEANSPACE PRO FORMA GROSS MARGINS (%) AND REVENUES (\$ MILLIONS) (FY18 TO CY20F)



Historically CleanSpace has not engaged in customer price discounting and accordingly gross margins have remained broadly consistent across periods. This approach is expected to continue for CY20F. Margins are comprised of several factors and can move depending on factors such as:

- Sales channel: direct sales to hospitals have a higher margin than distributor sales;
- Sector: respirator models have varying margins;
- Product type: on average, accessories and consumables have higher margins than respirators;
- Foreign exchange rates, for sales in Euro, USD and GBP with some mitigation in USD component costs; and
- Other costs such as freight, which were negatively impacted by airfreight disruptions caused during the COVID-19 pandemic.

From FY18 to FY19 gross margins decreased from 69.6% to 68.4% predominantly due to increased freight costs and some distributor volume rebates coming into effect due to growth.

In FY20 the gross margin demonstrated a step-change to 74.0% driven by the increase in sales of healthcare products (with higher margins than industrial products) and direct sales made to hospitals.

The gross margin is forecast to increase to 74.9% in CY20F as a result of healthcare sales (and direct sales to hospitals) making up a higher percentage of sales when compared to FY20.

4.7.4 Other income

The Other Income received over the historical and forecast periods from FY18 to CY20 is as follows:

\$millions	Pro forma Historical			Pro forma Forecast	
	FY18	FY19	CY19	FY20	CY20
Other Income	1.4	1.1	1.0	1.0	1.0

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Other income predominantly relates to R&D tax incentive rebates, with smaller amounts for other grants (for example Export Market Development Grants) and other sundry income.

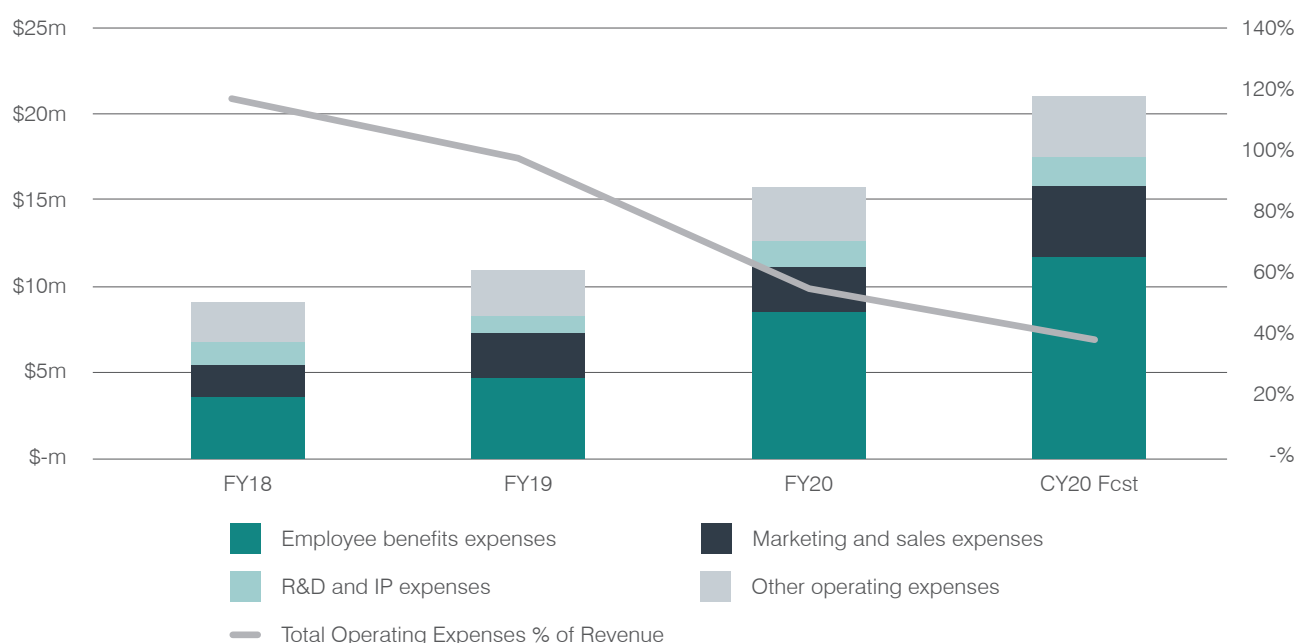
Between FY18 and FY19, CleanSpace's entitlement to a R&D tax incentive rebate fell from \$1.3 million to \$0.9 million. FY18 rebate reflected higher research and development expenses as CleanSpace developed the CleanSpace Halo respirator.

As CleanSpace is now in a tax payable position the impact of the R&D tax incentive will no longer be recognised in other income and will instead reduce tax expense.

4.7.5 Expenses

Figure 41 illustrates operating expense categories and total operating expenses as a percentage of revenue from FY18 to CY20F.

FIGURE 41: OPERATING EXPENSES (\$ MILLIONS) AND AS PERCENTAGE OF REVENUE (%) – FY18 TO CY20F



Total operating expenses as a percentage of revenue have decreased from 118% in FY18 to 56% in FY20, reflecting the operating leverage achieved from revenue growth. The continued scalability of the operating model is reflected in CY20F when Total Operating Expenses as a percentage of revenue are expected to decrease to 40%.

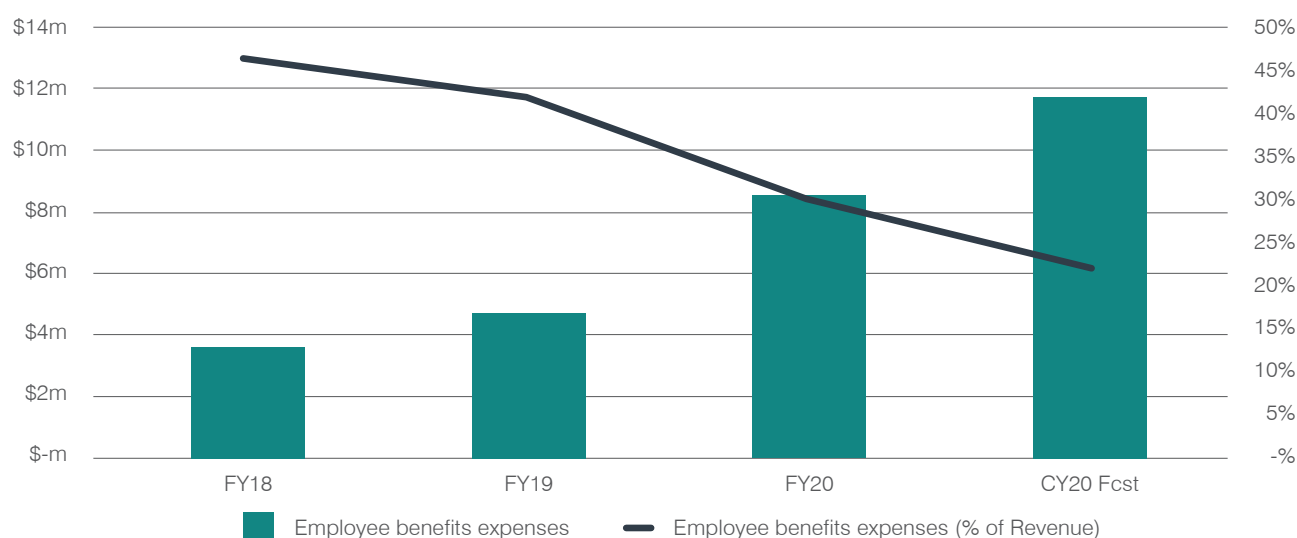
Total operating expenses are forecast to increase from \$15.8 million in FY20 to \$21.1 million in CY20F, largely driven by a \$3.2 million increase in employee benefits expenses.

4.7.5.1 Employee benefits expenses

Employee benefits expenses represent the largest operating expense of CleanSpace (55% of CY20F operating expenses).

Figure 42 illustrates total Employee benefits expenses from FY18 to CY20F. Employee benefits expenses excludes those employee costs directly attributable to production which are included in costs of sales and gross margins.

FIGURE 42: EMPLOYEE BENEFITS EXPENSES (\$ MILLIONS) AND AS A PERCENTAGE OF REVENUE (%) – FY18 TO CY20F



Employee benefits expenses have continued to increase over the historical period as the business has grown, and this is forecast to continue in CY20F. Headcount numbers discussed below exclude Australian contractors, casuals and production staff.

From FY18 to FY19, employee benefits expense increased from \$3.6 million to \$4.7 million as headcount increased by 40%, driven by growth in the US and European sales teams.

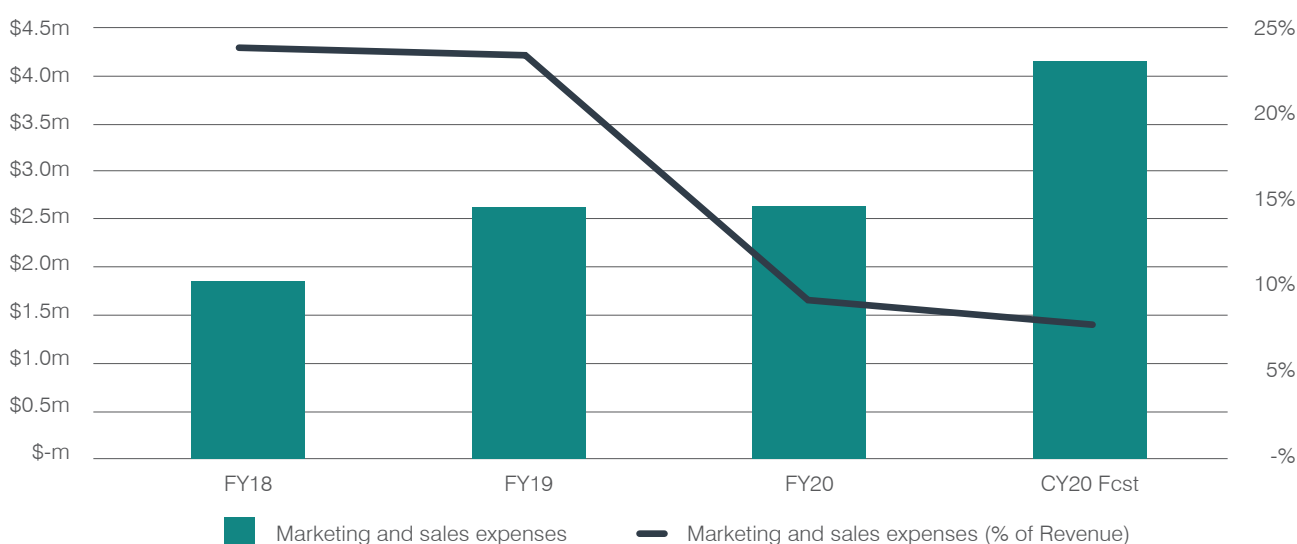
In FY20 employee benefits cost increased from \$4.7 million in FY19 to \$8.5 million. Headcount increased by 30% from 35 to 46, with staff numbers increasing in all regions and in all teams. Costs also included increases in staff bonuses for sales performance targets achieved. Allocation of headcount was approximately 59% sales, 24% R&D, with the remainder in corporate / back office roles.

Employee benefits expenses are expected to increase from \$8.5 million in FY20 to \$11.7 million in CY20F. The increase includes the full year impact of additional staff recruited during the prior period, the anticipated hire of staff to ramp up sales capabilities in new and existing markets following the completion of the Capital Raising, and the impact of pay rises given to certain staff reflecting market conditions or additional responsibilities.

4.7.5.2 Marketing and sales expenses

Figure 43 illustrates CleanSpace's marketing and sales expenses during the historical and forecast period.

FIGURE 43: MARKETING AND SALES EXPENSES (\$ MILLIONS) AND AS A PERCENTAGE OF REVENUE (%) – FY18 TO CY20F



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Marketing and sales expenses include traditional and digital marketing activities such as advertising, trade shows, warranty expenses and sales consulting fees and commissions.

From FY18 to FY19, marketing and sales expenses increased by \$0.7 million largely driven by growth in;

- trade shows, particularly in the USA as CleanSpace ramped up activity in that location; and
- sales commission, due to increasing sales to Industrial customers in Europe and the USA.

From FY19 to FY20, marketing and sales expenses remained stable. During this period:

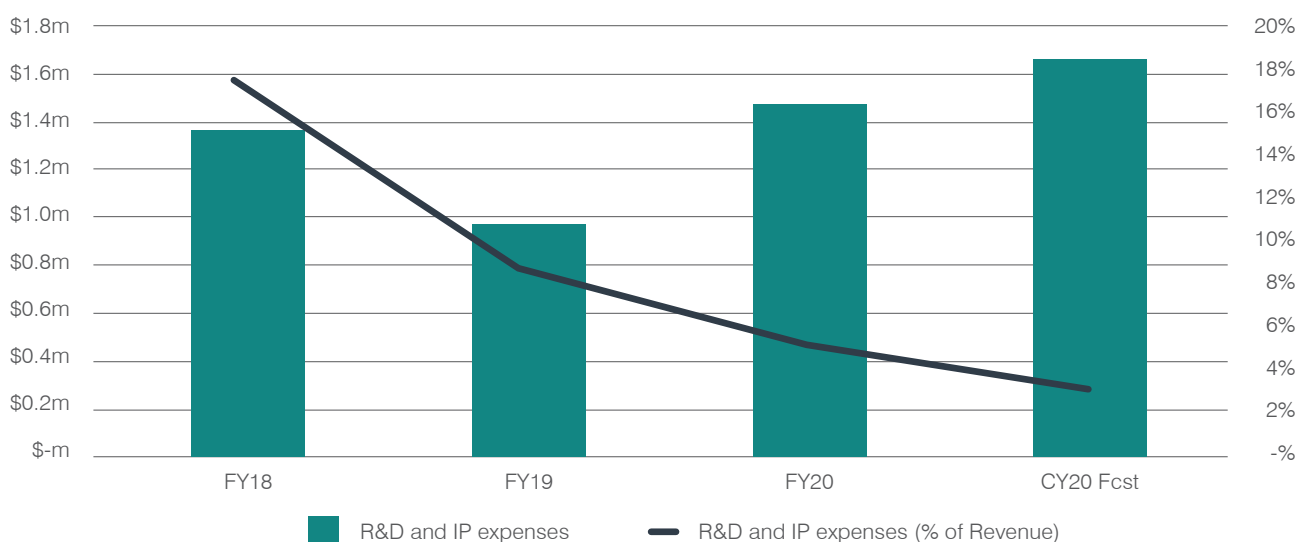
- there was a re-allocation of funds from tradeshow (cancelled due to the COVID-19 pandemic) to digital and print advertising; and
- internal CleanSpace resources were hired and performed some marketing activity previously provided by external firms (and these costs were recorded in Employee Benefits expenses).

Marketing and sales expenses are expected to increase in the forecast period to grow market share. Spend on digital marketing and print advertising is intended to continue to offset the temporary cessation of traditional methods such as trade-shows (due to the COVID-19 pandemic). In FY20 the business benefited from inbound sales inquiries as the COVID-19 pandemic generated significant demand for respiratory protection. In future years, post the pandemic, it is anticipated that additional sales and marketing spend will be required to service the larger installed base, increase product awareness and acquire new customers.

4.7.5.3 Research and development and intellectual property expenses

Figure 44 illustrates CleanSpace's Research and development and intellectual property expenses during the historical and forecast period.

FIGURE 44: RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY EXPENSES (\$ MILLIONS) AND AS A PERCENTAGE OF REVENUE (%) – FY18 TO CY20F



CleanSpace continues to invest in new and improved product development and protecting its intellectual property assets. The percentage of revenue that these expenses represent has declined as revenue has increased.

The decrease in FY18 to FY19 in Research and Development (R&D) and intellectual property expenses reflects the product development lifecycle of major projects and timing for patent or trademark examinations. CleanSpace Halo development was completed in FY18. In FY19 R&D work involved sustaining engineering and early stage new projects.

The increase from FY19 to FY20 represents significant R&D work on healthcare accessories. The increased spend also reflects the commencement of a clinical study (funded by NSW Health loan received in October 2019).

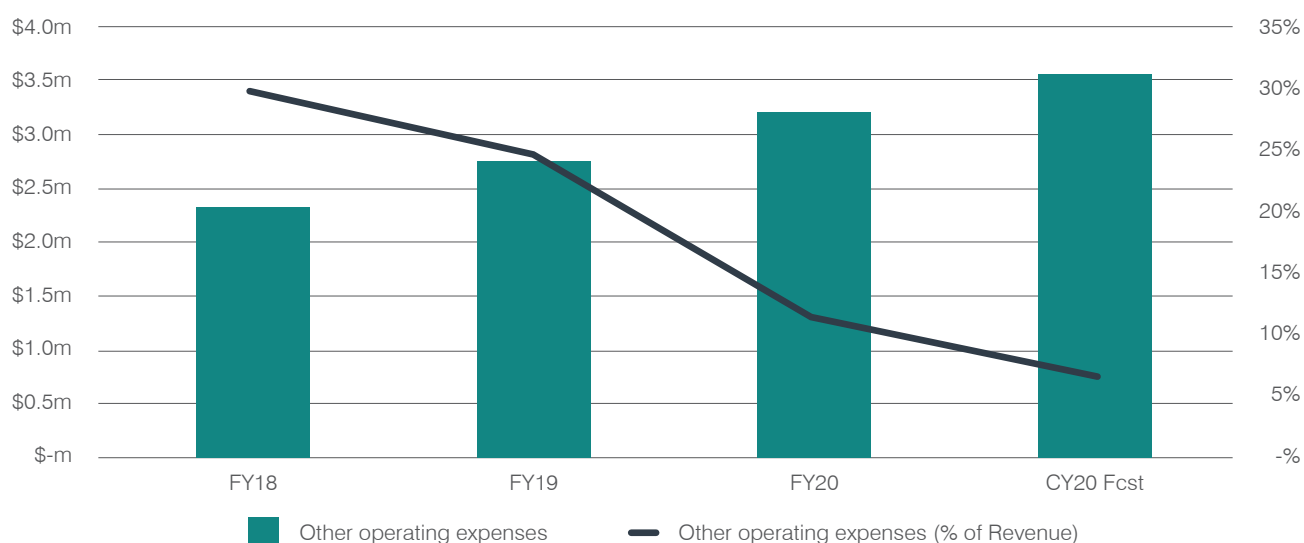
Research and Development and Intellectual Property spend is forecast to increase from \$1.5 million in FY20 to \$1.7 million in CY20F. CleanSpace intends to increase its level of investment (using funds from the Capital Raising) to expand its healthcare product portfolio to strengthen its market position in healthcare.

4.7.5.4 Other operating expenses

CleanSpace's Other operating expenses include general and administrative expenses such as public company costs, professional services fees, occupancy costs, travel and insurances.

Figure 45 illustrates the historical and forecast Other operating expenses from FY18 to CY20F.

FIGURE 45: GENERAL AND ADMINISTRATIVE (\$ MILLIONS) AND AS A PERCENTAGE OF REVENUE (%) – FY18 TO CY20F



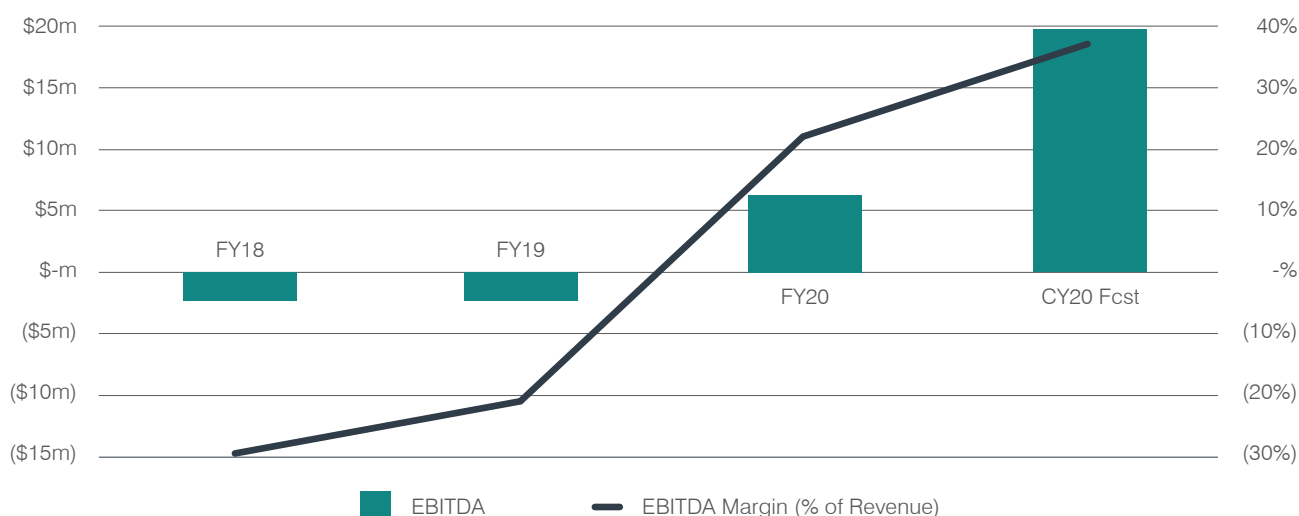
Other operating expenses have increased over the period FY18 to FY20 and are forecast to increase further in CY20F supporting the expected growth of the business. Other expenses as a percentage of revenue have declined over the period reflecting significant operating leverage and a scalable business model.

4.7.6 EBITDA

Figure 46 illustrates the historical EBITDA and forecast EBITDA performance for CleanSpace from FY18 to CY20F.

CleanSpace EBITDA performance benefits from revenue growth, high gross margins and a scalable operating cost base. The scalability of the business model is reflected in the improvement in EBITDA margin from negative (30%) in FY18 to 22% in FY20 and 37% in CY20F. From FY20 to CY20F an \$18.7 million increase in gross profit is forecast to be offset by a \$5.3 million increase in operating expenses largely due to \$3.2 million increase in employee costs and \$1.6 million increase in marketing and sales costs.

FIGURE 46: EBITDA (\$ MILLIONS) AND EBITDA MARGIN (% OF REVENUE) – FY18 TO CY20F



4.7.7 Depreciation and amortisation

Depreciation remained relatively stable between FY18 and FY20 reflecting low capital requirements of the CleanSpace operations. The second, larger facility (St Leonards) expands the Group's operations and is expected to have fit-out costs that create an increase in depreciation for CY20F.

The addition of the St Leonards facility will increase depreciation from the Right of Use property lease assets under AASB 16 Leases. Total depreciation and amortisation is forecast to increase from \$0.5 million in FY20 to \$0.7 million in CY20F.

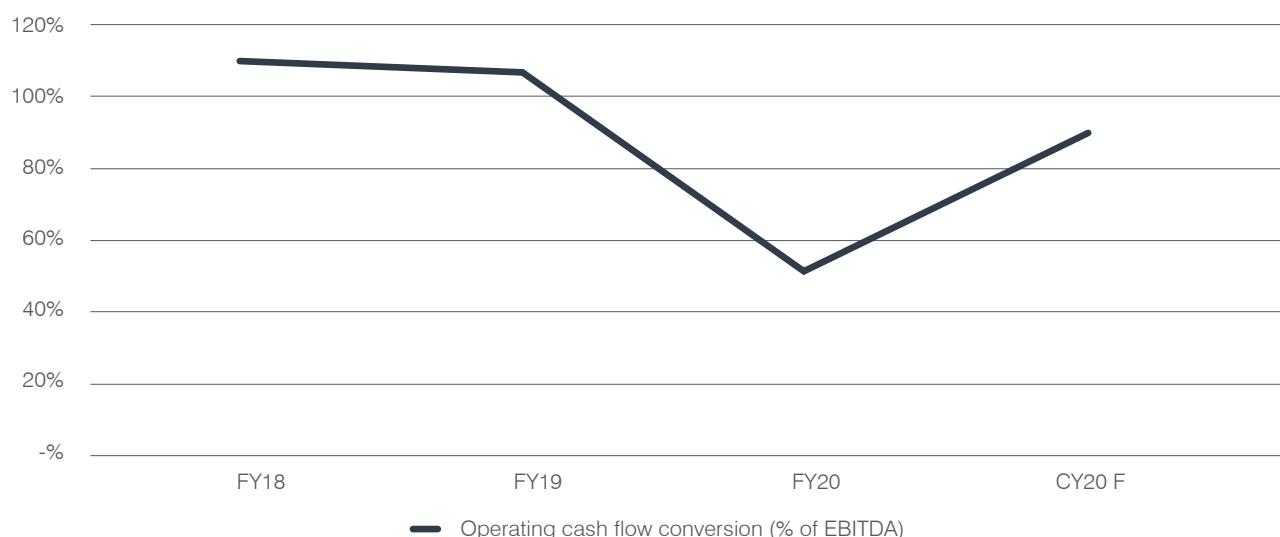
4.7.8 Cash flows from operating activities

CleanSpace's business model requires working capital investment typical of a manufacturing operation that imports raw materials and components, holds inventory and provides credit terms to distributors and customers. As revenues grow, the working capital investment will increase.

In FY20 as the business scaled there was significant investment in working capital due to increases in receivables (as sales grew) and inventory (to meet the increased sales demand and mitigate the risk of supply chain disruption). This was partly offset by an increase in trade payables.

During CY20, CleanSpace required certain customers to pay upfront deposits to mitigate credit and operational risks. These payment terms reduced the working capital requirement. At 31 December 2020 receivables and payables are expected to be lower than FY20 as traditionally there is a reduction in activity during the December holiday period (compared to financial year ends).

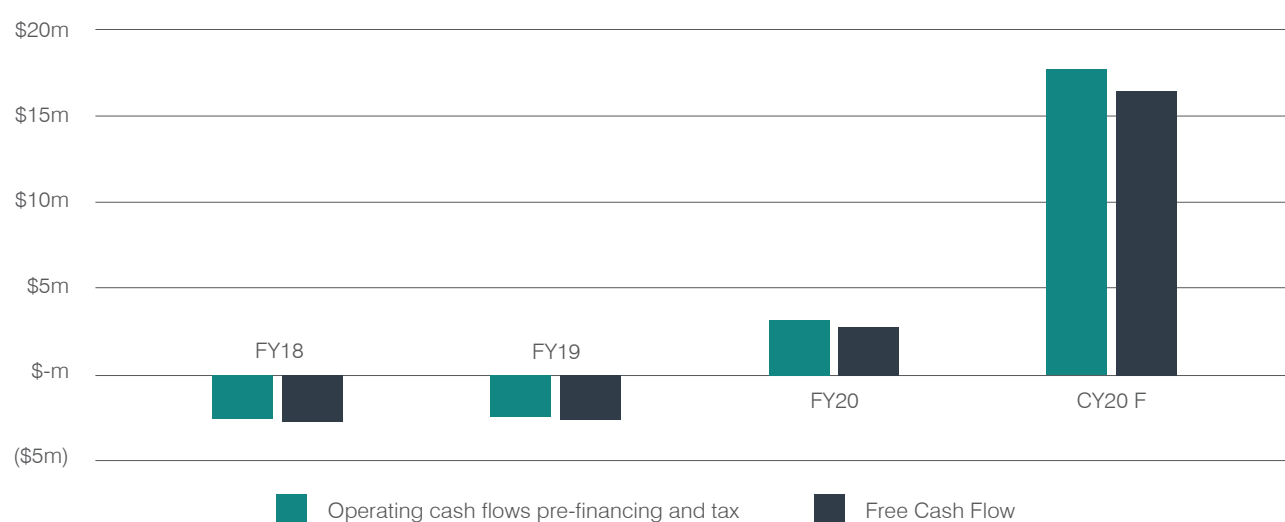
FIGURE 47: OPERATING CASH FLOW PRE-FINANCING AND TAX AS A PERCENTAGE OF EBITDA (%) – FY18 TO CY20F



4.7.9 Free cash flow

CleanSpace does not capitalise product development or other operating costs. The Group's manufacturing activities require low levels of capital expenditure. The forecast spend of \$1.2 million on capital expenditure in CY20F primarily consists of one-off costs to expand capacity in conjunction with setting up the new facility at St Leonards.

FIGURE 48: OPERATING CASH FLOWS PRE-FINANCING AND TAX AND FREE CASH FLOW (\$ MILLIONS) – FY18 TO CY20F



4.8 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of CleanSpace Management and the members of its Board, and which contain assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the forecasts, set out in Figure 49 is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, changes in variables may offset each other or be additive, and it is likely that CleanSpace would respond to any adverse change in one variable by seeking to minimise the net effect on CleanSpace's EBITDA.

FIGURE 49: SENSITIVITY ANALYSIS ON PRO FORMA EBITDA FOR CY20F (\$ MILLIONS)

Driver	Increase / Decrease	CY20F EBITDA impact (\$millions)	
		Increase	Decrease
Revenue growth at constant gross margin	±5.0%	2.0	(2.0)
Gross margin	±5.0%	2.6	(2.6)
Total operating expenses	±5.0%	(1.0)	1.0
EBITDA margin	±2.0%	1.1	(1.1)

Notes:

In the increase scenario, the driver is increased by the respective rate. Conversely, in the decrease scenario, the driver is decreased by the respective rate. The impact on EBITDA as a result of increasing and decreasing these drivers is reflected in the figure above.

The estimated impact of changes in each assumption has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or may be additive. In addition, the sensitivities set out in Figure 49 do not reflect any action that management might take to manage the impact of changes to the assumptions.

4.9 DIVIDEND POLICY

The Directors have no current intention of declaring or paying dividends in the short to medium term as it is their intention to reinvest cash earnings into CleanSpace to further develop and grow the business. The CleanSpace Board will review this policy as appropriate and the declaration and amounts of any dividends are at the sole discretion of the CleanSpace Board. In making a decision concerning dividends, the CleanSpace Board will take into account CleanSpace's earnings for the period, distributable reserves, future capital requirements, growth opportunities and any other factors the Directors may consider relevant.

SECTION FIVE

Key Risks



5 | Key Risks

5. RISKS

CleanSpace is subject to risks that are both of a general nature and risks which are specific to its business activities. Any or a combination of these risk factors may have a material adverse effect on CleanSpace's business, financial performance and operations. This Section 5 describes what CleanSpace considers to be some of the potential risks associated with CleanSpace's business, an investment in CleanSpace and the general risks associated with an investment in Shares.

The risks listed in this Section 5 should not be considered to be an exhaustive list of every possible risk associated with an investment in CleanSpace or the industries in which it operates. The types of risks CleanSpace is exposed to can change over time and vary with changes in economic, technological, environmental and regulatory conditions. The occurrence or consequences of some of these risks are partially or completely outside of the control of CleanSpace, the Directors and management.

Before making any decision to invest in CleanSpace, you should read the entire Prospectus. Before applying for shares you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for you having regard to your investment objectives, financial circumstances and taxation position. You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

In particular, potential investors should be aware that there is no certainty that CleanSpace will achieve its stated objectives or that any forward-looking statements will eventuate. Any investment in CleanSpace should only be considered in light of these risks, as the occurrence of any or a combination of the risks set out in this Section 5 may have a material adverse impact on CleanSpace's business, financial performance and operations.

5.1 RISKS SPECIFIC TO AN INVESTMENT IN CLEANSPACE

5.1.1 Manufacturing risks

As set out in section 3.4.6, CleanSpace has an existing facility located in Artarmon, Sydney and intends to commence operations at a new, second facility, in St Leonards, Sydney in October 2020. It is anticipated that this second facility will eventually replace production from CleanSpace's original facility located in Artarmon. The Company has a lease on the Artarmon facility to July 2021 and will review the risk of COVID-19 impacting the production operations closer to the end of the lease. There are risks associated with establishing and commencing production at the second facility given it is new, including set up, security, adapting or establishing new procedures and flow for the new facility.

As CleanSpace manufactures its own products, it is exposed to risks of harm caused by natural or man-made disasters (including fire, flooding, pandemics or severe diseases such as COVID-19), equipment or machinery failure, and operational or human error, and any of these risks may result in manufacturing disruptions or an inability to manufacture and produce its products for some time. This has the potential to limit, delay or prevent supply of CleanSpace's products and have an adverse impact on the availability of CleanSpace's products to its distributors and customers, which would affect contractual obligations.

While CleanSpace maintains what it considers to be an appropriate level of stock to cover potential manufacturing failures, if there were to be a manufacturing failure (including a failure of its filter pleater) or manufacturing disruption (including a member of CleanSpace's workforce being infected by COVID-19), it is likely that CleanSpace's operating and financial performance would be materially adversely affected.

There is a particular risk associated with the filter pleater because it is a critical piece of equipment required for media pleat packs for the filters. CleanSpace currently only has one filter pleater with a second filter pleater on order due to arrive late 2020. Any failure that is not repairable would require CleanSpace to rely on a finite stock of pleat packs until a replacement filter pleater machine could be shipped from the United States of America which it estimates would take approximately six months.

During the COVID-19 pandemic, there is a risk that a member of CleanSpace's workforce is infected by COVID-19 and tests positive which would disrupt CleanSpace's manufacturing output, affect CleanSpace's contractual obligations, and have an adverse effect on the Company's operating and financial performance, at least in the short to medium term.

5.1.2 Reliance on selling and distribution third parties

CleanSpace uses various third parties to sell and distribute its products (domestically and internationally) to a range of customers in the healthcare and industrial sector (refer to Section 3 for details regarding CleanSpace's customers) (noting that a proportion of healthcare sales are direct) and therefore its revenue is partly reliant on the Company's sales and distributing partners.

Specifically, CleanSpace depends on the ability of its distributors to satisfy existing sales in accordance with CleanSpace's contractual obligations to the customers, build CleanSpace's market share, and help grow CleanSpace's revenues derived from the industrial sector and specific healthcare markets. A slowdown, decrease in demand or failure to grow demand from these distributors (including as a consequence of COVID-19) or failure by the distributors to satisfy customers' orders or comply with relevant laws and regulations could adversely impact CleanSpace's operating and financial performance.

As set out in Section 5.2.4, COVID-19 is bringing unprecedented challenges to global financial markets and the economy as a whole. There is a risk that the impact of COVID-19 on the global economies, including economic contractions and stress experienced in the markets in which CleanSpace's distributors are based and operate in, could adversely affect third party distributors and/or their ability to sell and distribute CleanSpace's products in particular markets.

5.1.3 Reliance on suppliers

There are three key critical components (cost, technical or long lead times) used by CleanSpace in its production process, being the lithium polymer battery, printed circuit board assembly and micro toroidal motor used in CleanSpace's units.

For the lithium polymer battery, CleanSpace has two suppliers; one based in Sydney (with facilities in Sydney and China) and one in China; for the circuit board there are two suppliers in China. If one or both of the two suppliers for each of the battery or circuit board was to cease supply, or to reduce supply, CleanSpace may experience an adverse impact, potentially material, to its operating and financial performance due to a reduction in supply of key components.

In addition, the CleanSpace motor/fan is unique and has been specifically designed for use in the CleanSpace's respirators. Although CleanSpace is not currently experiencing any drop or reduction in the supply of the motor, there is a risk that supply is disrupted given it is sourced from a single international supplier based in China. Any such drop, reduction or disruption to the supply of the motor from CleanSpace's sole supplier will likely impact CleanSpace's ability to fulfil customers' orders which, in turn, would have an adverse effect on CleanSpace's operating and financial performance.

COVID-19 is bringing unprecedented challenges to global financial markets and the economy as a whole, including global supply chains, logistics and trade. There is a risk that COVID-19 could adversely impact the ability of third party suppliers (domestic and international) to supply CleanSpace with the materials used in Company's production. Furthermore, macro-economic and trade relationships with the global community and China may be a risk to China exposed supply chains.

5.1.4 Reliance on global inbound and outbound logistics

CleanSpace is heavily reliant on airfreight logistics for inbound and outbound goods from its Sydney operations. During COVID-19, the sudden and significant reduction in commercial flights created uncertainty and long lead times for airfreight transport for its goods. CleanSpace goods have been given "Priority Status" for inbound and outbound shipping by the Australian Federal Government, as CleanSpace's products are considered to be essential medical supplies. The Priority Status relates to all goods shipped into, out of and within Australia.

There are ongoing risks to transporting CleanSpace components or finished goods within Australia and around the world which may impact CleanSpace's ability to both manufacture and distribute its products, and this may have adverse effects on its operating and financial performance. This includes:

- uncertain airfreight logistic operations globally, with airline companies' financial performance weakened and a reduction in commercial flights;
- if CleanSpace's domestic Priority Status changes, reduces or stops altogether; and
- any potential changes and disruptions to customs policy or operations, either from supply hubs or into export markets where CleanSpace goods are sold.

5.1.5 Product liability and brand reputation

Any defects in CleanSpace's products may harm its and its customers' workforce and CleanSpace's reputation and business. CleanSpace may also be subject to warranty and liability claims for damages related to defects in its products. In addition, the products may be subject to a recall, withdrawal or other regulatory action.

There may also be adverse events reported from the use, misuse or defect of CleanSpace's products which could expose CleanSpace to product liability claims or litigation, including if its products cause or contribute (or merely appear to have caused or contributed) to the injury or the death of a person using its products. This risk is particularly relevant given CleanSpace produces safety products and because many of its customers have employees who are at risk of airborne contaminants and otherwise operate in challenging environments. In particular, the healthcare industry has historically been subject to extensive litigation over product liability claims, especially in the US market.

Product liability claims may result in substantial litigation costs, product recalls or market withdrawals, decreased sales and demand for CleanSpace products and damage to CleanSpace's reputation, regardless of merit or eventual outcome. If CleanSpace were to suffer or be the subject of one or more significant claims in the future, or be required or elect to undertake certain actions in response to these claims (such as a product recall), such claims or actions could adversely impact CleanSpace's operating and financial performance. Any adverse perception of CleanSpace's reputation or image on the part of investors, customers, counterparties or regulators could materially adversely affect its operating and financial performance.

5.1.6 Technological obsolescence

CleanSpace's success will in part depend on its ability to continue to offer services, systems and products that remain current with the potential for future changes in technology, industry regulations and consumer preferences. There is a risk that CleanSpace may not be successful in addressing these developments in a timely manner.

In addition, new products or technologies (or alternative systems) developed by third parties may supersede CleanSpace's product offering. Notwithstanding CleanSpace has dedicated resources to develop its technology and products in order to maintain its competitive position, should new or existing competitors develop products or technologies that match or supersede the Company's current product offering there is a risk that CleanSpace experiences a loss of existing, or inability to attract new, customers, and damage to CleanSpace's reputation. The failure of CleanSpace to successfully develop and implement technology upgrades may materially and adversely impact its business, operations and financial performance and prospects.

5.1.7 Competitors and new market entrants

CleanSpace operates in an environment where it is possible that new entrants or existing competitors may innovate and introduce new products to the market, that deliver a similar or superior solution and customer

offering to that currently offered by CleanSpace, or, subject to competition law constraints, combine with other providers to deliver enhanced scale benefits with which CleanSpace is unable to compete with effectively. In such circumstances, there is a risk that CleanSpace is unable to compete successfully against existing or new competitors, which may cause the Company's business and financial performance to be harmed.

5.1.8 Protection of intellectual property

The value of CleanSpace's products depends in part on its success in obtaining and maintaining its portfolio of patents, trademarks, industrial designs and other intellectual property rights and protecting CleanSpace's proprietary technology. If CleanSpace's intellectual property and proprietary technology is not adequately protected, new or existing competitors may be able to use the technologies developed or goodwill built by CleanSpace and erode or negate any competitive advantage CleanSpace may have, which could harm CleanSpace financially. There is also a risk that the validity, ownership or authorised use of CleanSpace's intellectual property may be successfully challenged by third parties.

A breach of CleanSpace's intellectual property rights may result in the need to commence legal action, including infringement proceedings, which could be costly and time consuming and distract Management/Board away from the business. A failure or inability by CleanSpace to protect its intellectual property rights could have an adverse impact on its business, operations and financial performance.

Although an issued patent is presumed valid and enforceable, its issuance is not conclusive as to its validity or its enforceability and it may not provide CleanSpace with adequate proprietary protection or competitive advantage against competitors with similar products. The granting of a patent does not guarantee that competitors will not develop competing intellectual property that misappropriates, circumvents or works around the patent. CleanSpace's competitors may have applied for or obtained, or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with CleanSpace's ability to make, use and sell its products.

In addition to its patent activities, CleanSpace also relies on protecting its trade secrets especially with regard to its airflow/pressure control design and manufacturing processes. Although CleanSpace implements reasonable endeavours to protect its trade secrets, these measures may not always be sufficient to protect its trade secrets. CleanSpace may not be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret. CleanSpace also cannot be certain that others will not independently develop similar technologies on their own, gain access to CleanSpace's trade secrets or have disclosed to them such technologies. This could allow competitors to commercialise products in competition with CleanSpace's products and erode its competitive advantage.

CleanSpace is currently involved in a patent dispute, as described in section 10.10.1 and a trademark dispute as described in section 10.10.2.

5.1.9 Counterparty risk

CleanSpace has entered into a number of commercial agreements and arrangements with third parties, including with clinical organisations for research purposes, customers, distributors and suppliers, and expects to enter into further agreements and arrangements as part of the Company's expansion into existing and new markets. There is a risk that the counterparties may not meet their obligations under those agreements or arrangements, or comply with the laws and regulations which apply to those counterparties in the relevant jurisdictions.

Financial failure, default or contractual non-compliance by such third parties, or a failure by those third parties to comply with relevant laws and regulations, may have a material impact on the operations and financial performance of CleanSpace. It is not possible for CleanSpace to predict or protect itself against all such risks, particularly given the current COVID-19 pandemic.

5.1.10 Infringement of intellectual property rights

Despite its involvement in the dispute described in section 10.10.2, CleanSpace does not believe that it is currently infringing any third party's intellectual property rights. CleanSpace may be subjected to infringement claims or litigation arising out of patents and pending applications for additional proceedings initiated by third parties, the US Patent and Trademark Office, the European Patent Office, or other intellectual property regulators

5 | Key Risks

to re-examine or oppose CleanSpace's patents. The defence and prosecution of intellectual property rights lawsuits, proceedings, and related legal and administrative proceedings are costly and time-consuming to pursue, and their outcome is uncertain.

If CleanSpace infringes the rights of third parties, CleanSpace could be prevented from selling its products and be forced to defend litigation proceedings and pay damages. Further, there is always a risk of third parties claiming involvement in, or ownership of, CleanSpace's intellectual property. These third parties could potentially include former employees and contractors of CleanSpace or unrelated third parties who have developed products and services that are substantially similar those offered by CleanSpace. In such circumstances, CleanSpace may be the subject of claims, disputes or litigation which could require it to incur significant expenses even if CleanSpace was able to successfully defend or settle such claims. If CleanSpace was found to have infringed the third party's intellectual property rights, this may result in CleanSpace being required to pay monetary compensation to the third party or take other actions that may cause disruption to its business and increase costs. This in turn could have an adverse impact on CleanSpace's operations, reputation and financial performance.

5.1.11 Litigation, claims and disputes

CleanSpace may be subject to litigation and other claims and disputes in the course of its business, including disputes involving customers, suppliers, distributors, employment disputes, contractual disputes, indemnity claims, occupational health and safety claims, or criminal or civil proceedings in the course of its business. There is a risk that any such litigation, claims and disputes could materially and adversely affect CleanSpace's business, operations and financial performance, including the costs of settling such claims and the effect on CleanSpace's reputation.

5.1.12 Legal and regulatory framework

CleanSpace is subject to various laws and regulations in the jurisdictions in which the business operates. CleanSpace believes it has or is in the process of obtaining all the authorisations, certifications and approvals required to conduct the business in the jurisdictions in which it does or intends to operate. However, there is a risk that it does not have or is unable to obtain these authorisations, certifications and approvals which could adversely impact CleanSpace's financial and operational performance. Although the respiratory industry is usually made aware of pending legal or regulatory changes before they are implemented and there is typically a 5 year transition period for manufacturers to transition their products to meet the new standards, there is a risk that the business may be subject to compliance with new or changed laws and regulations that could come into effect with minimal or no warning if a government or government policies change in any of those jurisdictions.

The introduction of new laws and regulations (including in relation to the design, manufacture and production of respirators) may result in increased expenses for the Company, as it establishes new compliance procedures, retrains its employees and reviews or redevelops products. With new regulatory and legal frameworks, there is a risk that the regulations have unintended consequences, or are open to interpretation that increases the risk of non-compliance. There is also a risk that regulatory interpretations may change over time. These risks could adversely affect CleanSpace's long-term operations and ability to manufacture, sell or distribute some products. There is a risk that CleanSpace will not always be in full compliance with all applicable laws, which may result in significantly increased compliance costs, cessation of certain business activities or the ability to conduct business, litigation or regulatory enquiry or investigation and significant reputational damage.

5.1.13 Reliance on key personnel

The successful operation of CleanSpace depends on the performance and expertise of its key management personnel and high performing employees with specialist skills. There can be no assurance that CleanSpace will be able to retain key personnel or attract suitably qualified replacements, and any failure to do so may adversely affect CleanSpace's operating and financial performance.

5.1.14 Material contracts

CleanSpace does not have material contracted revenue; rather the Group's material commercial arrangements with distributors, customers and suppliers are on a purchase order basis. This means that the relevant distributor,

customer and supplier counterparty is not contractually obliged to purchase from, or supply to, CleanSpace. If a relevant counterparty decides not to purchase from, or supply to, CleanSpace, this may adversely affect CleanSpace's operating and financial performance.

A number of CleanSpace's existing distributor contracts have expired and are operating on expired terms on a month-to-month basis. While the terms are more favourable for the distributor (counter party), there is a risk that the counterparties to expired contracts decide not to continue to operate under the expired contracts on a month-to-month basis and/or that the relevant counterparties terminate on reasonable notice and replacement counterparties cannot be found, which may adversely affect CleanSpace's operating and financial performance.

CleanSpace could lose material purchase orders including during the forecast period, due to a range of events, including cancellation of an order, failure to meet CleanSpace's payment terms, a weakening of customer relationships or disputes with customers, or insolvency of customers.

5.1.15 Managing growth and executing growth strategies

CleanSpace is currently experiencing rapid domestic and international adoption of its healthcare products. CleanSpace's ability to manage its current, and achieve its anticipated, growth is dependent on the successful implementation of its growth strategies in an effective and timely manner, including establishing, achieving and maintaining the increased production outputs CleanSpace anticipates it will obtain from its new facility in St Leonards. There are risks associated with the implementation of these plans, including the transitioning risks regarding the new facility set out in Section 5.1.1, and a risk that these plans may not be successful, or may take longer or cost more than anticipated, which may adversely affect CleanSpace's operating and financial performance.

Some of CleanSpace's recent growth has coincided with the COVID-19 pandemic. Whilst CleanSpace believes that the COVID-19 pandemic has heightened awareness of, and demand for, products like those CleanSpace produces, and that revenue from the sale of respiratory products will continue to grow, there is a risk that a portion of the current level of growth which is a function of COVID-19 may not be sustained.

5.1.16 Event of Workplace incidents or accidents

The manufacturing of CleanSpace's products involves certain labour-intensive processes and the use of various machinery and equipment. The growth of the production operations has increased the number of new and inexperienced staff within the facility. There may be an exposure, incident or accident at CleanSpace's facilities that results in serious injury, ill health or death to employees, contractors or other third parties, or damage to property.

The occurrence of any workplace incident may result in a fine imposed by a regulatory authority, an interruption of manufacturing operations, a worker's compensation claim, a work health and safety claim or a damages claim against CleanSpace. Such claims or events may not be covered by CleanSpace's insurance or may exceed CleanSpace's insured limits. They may also adversely impact CleanSpace's business and reputation.

5.1.17 Geographical risks

Given CleanSpace has operations in and its products are sold to the US, Europe and parts of Asia, and (as set out in section 5.1.3) because suppliers of components used in the manufacture of CleanSpace' products are based overseas, specifically in China, CleanSpace, its supply chain and its products are subject to the risks associated with doing business internationally. Unexpected changes in regulatory requirements (including taxation), tariffs, customs, duties and other trade barriers, longer payment cycles, problems in collecting accounts receivable, political instability, fluctuations in currency exchange rates, foreign exchange controls which restrict or prohibit repatriation of funds, export and import restrictions or prohibitions, and potentially adverse tax consequences may all affect CleanSpace and any these could adversely impact on the success of the Company's international operations and its operating and financial performance.

CleanSpace's international operations also means it must comply with a range of legal and regulatory regimes across multiple jurisdictions, which are particularly relevant given CleanSpace's products are used in the healthcare and industrial sectors as described in Section 3. As CleanSpace expands the sales of its products geographically into new international jurisdictions, it is subject to the risks associated with conducting its

business in those regions, which include adapting to, and complying with, the differing laws and regulations, differing business, industry and clinical practices, and differing customer preferences in foreign countries, as well as developing and managing foreign relationships and operations, and being subject to the political and economic climates of the various countries. A breach of any of these areas could result in fines or penalties, the payment of compensation or the cancellation or suspension of CleanSpace's ability to carry on certain activities or product offerings. It could also interrupt or adversely affect parts of CleanSpace's business and may have an adverse effect on CleanSpace's operating and financial performance.

COVID-19 pandemic has also created a government and social movement toward domestic manufacturing or sourced products. This may have an impact on CleanSpace's ability to sell its products in export markets.

5.2 GENERAL RISKS TO AN INVESTMENT IN CLEANSPACE

5.2.1 Price of Shares

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if CleanSpace's earnings increase. Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international market for listed stocks;
- general economic conditions, including investor sentiment, interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- changes in ASX regulation or policies;
- actual or anticipated fluctuations in CleanSpace's financial performance and those of other public companies in its sector;
- inclusion in or removal from market indices;
- terrorism or other hostilities and outbreaks of disease, server viruses or a pandemic (e.g. COVID-19);
- the nature of the markets in which CleanSpace operates; and
- general operational and business risks.

Deterioration in general market conditions may adversely impact on the price of the Shares after Listing, as well as CleanSpace's ability to pay dividends and the consequent returns from an investment in Shares. As a result, CleanSpace is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price. In particular, the COVID-19 pandemic has and may continue to result in unprecedented challenges to global financial markets, and the economy as a whole. Capital markets have seen equity securities suffer from spikes in volatility and significant price decline.

5.2.2 Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of CleanSpace and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for CleanSpace's goods and services and its ability to conduct business. CleanSpace has only a limited ability to insure against some of these risks.

5.2.3 Trading in Shares might not be liquid

There is currently no public market through which the Shares of CleanSpace may be sold. There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able

to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

Following Completion, the Escrowed Shareholders will hold approximately 55% of the Shares, which may also impact on liquidity. The Escrowed Shareholders will enter into staged voluntary escrow arrangements in relation to all of the Shares they hold immediately following Completion. The duration of the staged voluntary escrow for each category of Escrowed Shareholder is set out in Section 10.8. The absence of any sale of Shares by the Escrowed Shareholders during the staged escrow periods may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

Following the staged release from voluntary escrow, the respective portion of Shares held by the Escrowed Shareholders which are no longer covered by voluntary escrow will be able to be freely traded on the ASX. A significant sale of Shares by an Escrowed Shareholder, or the perception that such sale has occurred or might occur, could adversely affect the price of Shares. The interests of the Existing Shareholders may be different from the interests of investors who acquire Shares in the Offer.

5.2.4 General economic and financial market conditions

General economic conditions (both domestically and internationally) may adversely impact the price of Shares as well as CleanSpace's ability to pay dividends. CleanSpace is unable to forecast the market price for Shares and they may trade on the ASX at a price that is below the Offer Price.

In particular, the COVID-19 pandemic is bringing unprecedented challenges to global financial markets and the economy as a whole. Capital markets have seen equity securities suffer from spikes in volatility and significant price declines. Care should be taken when considering and assessing the risks associated with investment given the rapidly changing COVID-19 situation. The future impact of COVID-19 on CleanSpace's operations and share price is not currently fully ascertainable and may not be known for a period of time.

5.2.5 Currency movements may be unfavourable

CleanSpace's financial statements are prepared in Australian dollar terms. However, some of CleanSpace's sales revenue, inventory and expense purchases are made in foreign currencies, particularly US Dollars, Euros and GBP. Adverse movements in the exchange rate between the Australian dollar and these currencies may cause CleanSpace to incur foreign currency loss. Such loss may impact and reduce CleanSpace's financial performance and profitability.

5.2.6 Risk of shareholder dilution

In the future, CleanSpace may elect to issue Shares to engage in fundraisings and also to fund, or raise proceeds, for acquisitions CleanSpace may decide to make. While CleanSpace will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings and Shareholders may experience a loss in value of their equity as a result of such issues of Shares and fundraisings.

5.2.7 Changes in taxation and accounting rules and their interpretation

From time to time, relevant authorities in the jurisdictions in which CleanSpace operates may choose to change their taxation policies, which may impact the level of tax that the Company is required to pay. Changes to accounting standards and their interpretation may impact the Company's reported financial performance.

5.2.8 No guarantee of future dividends

CleanSpace currently has no plans to pay a dividend in the short to medium term. Beyond this, there is no guarantee that the Company will generate sufficient cash flow from its operations in the future to pay dividends. The Company's dividend policy is set out in Section 4.

SECTION SIX

Key People, Interests and Benefits



6 Key People, Interests and Benefits

6.1 BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Director	Experience
Dr Ronald Weinberger <i>Independent Chairman and Non-Executive Director</i>	<p>Dr Weinberger is the former Executive Director and Chief Executive Officer of Nanosonics (ASX:NAN) where he co-developed Nanosonics' platform technology, launched the company's breakthrough product globally and created a North American sales team alongside GE Healthcare. Dr Weinberger joined CleanSpace in July 2018, and became the Chairperson of the Board in December 2019. He has over 20 years' experience commercialising medical devices. He has been Chief Executive Officer of EMVision Ltd (ASX:EMV) since December 2018 and managing director from May 2020. Dr Weinberger has also been a non-executive director and the chairperson of HeraMED Ltd (ASX:HMD) since August 2018.</p> <p>Dr Weinberger will be a member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nomination Committee.</p>
Dr Alexandra Birrell <i>Executive Director and Chief Executive Officer</i>	<p>Dr Birrell joined CleanSpace in 2010 and has been the Chief Executive Officer of CleanSpace since 2014 and a director since 2015. Dr Birrell has worked in senior management roles in the healthcare and technology sector for over 20 years. Her previous roles include PricewaterhouseCoopers where she worked in the healthcare advisory practice and financial services (Technology); and Royal Prince Alfred Hospital. Dr Birrell was a member of the Board of Trustees of Museum of Applied Arts & Sciences, NSW from 2016 – 2019. Dr Birrell is a previous winner of AFR Women of Influence Awards, Chief Executive Women Scholarship and holds a PhD, MBA and Bachelor of Veterinary Medicine.</p>
Mr Dan Kao <i>Executive Director and Director of Operations</i>	<p>Mr Kao, a former senior designer for ResMed Inc (Australia) (ASX:RMD), founded the business of CleanSpace in 2009 and has been a director of CleanSpace since April 2011. Mr Kao worked in the medical and healthcare industry for over 20 years, and has extensive experience in manufacturing, supply chain optimisation, quality management systems and in securing patents for innovative technologies in healthcare. Mr Kao is a previous winner of the Australian Design Award and holds a Bachelor of Mechanical Engineering (Hons) and Master of Biomedical Engineering.</p>

Director	Experience
Mr Craig Lawn <i>Independent Non-Executive Director</i>	<p>Mr Lawn joined CleanSpace as a Non-Executive Director in August 2015 and specialises in structuring growth companies. He was a partner for PricewaterhouseCoopers for over 20 years, where he provided income tax and commercial advice to a variety of businesses, including biotechnology, venture capital and research based organisations. Further, between January 2017 and December 2019, Mr Lawn was a Non-Executive Director of Tubi Limited which listed on 14 June 2019 (ASX:2BE).</p> <p>In addition to CleanSpace, Mr Lawn is currently on the boards of Key Assets Pty Ltd as the Chairperson and The Red Room Company Ltd as treasurer. Mr Lawn is also a consultant advisor through Good Foundations Pty Ltd and Lawn Corporate Advisory, providing business and strategic advice to charities, private company groups, public bodies and not for profit organisations.</p> <p>Mr Lawn will be Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.</p>
Mr William Highland <i>Non-Executive Director (not Independent)</i>	<p>Mr Highland was a senior executive and investment manager with 30 years' senior management experience in developing and building companies in Australia, USA, Asia and Europe whilst working with OPSM Protector, BTR Nylex, Boral and CVC Limited. Mr Highland has global experience in the production and marketing of respiratory systems for industrial workplaces; resuscitation products for the first response markets; emergency life support systems for the mining and oil and gas markets, and breathing apparatus for the fire and rescue services.</p> <p>Mr Highland holds a degree in Civil Engineering from the University of New South Wales, has participated in the Executive Management Program AGSM and was a certified mine manager. Additionally, Mr Highland has served as a director and chief executive officer for The Environmental Group Limited and as a director for SMC Gold Limited and Blue Energy Limited, which are both ASX listed companies, and also as a director and chairman of private companies, and joint venture boards.</p> <p>Mr Highland was appointed to the Company's board in August 2015 as a representative of institutional investors CVC and Acorn, which have (as at the date of this Prospectus on a fully diluted basis) an interest of approximately 16% and 15% of the shares on issue in the capital of the Company respectively. Mr Highland was Chairperson of the Board from November 2016 until December 2019.</p> <p>Mr Highland will be a member of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.</p>

The composition of the Board committees and a summary of the Company's key corporate governance policies are set out in Section 6.4.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a Non-Executive Director or Executive Director, as the case may be, without constraint having regard to their other commitments.

6.2 MANAGEMENT TEAM

Executive	Experience
Dr Alexandra Birrell <i>Chief Executive Officer and Executive Director and</i>	See Section 6.1
Ms Elizabeth Harvey <i>Chief Financial Officer and Company Secretary</i>	Ms Harvey joined CleanSpace as its Chief Financial Officer and Company Secretary in 2017. She has more than 20 years' experience in financial operations for multinational organisations. She brings extensive experience in financial control, business performance and analysis, risk management and compliance. Prior to joining CleanSpace, Ms Harvey worked at Macquarie Group for over 12 years as a finance director, and has also worked at Credit Suisse in London and KPMG (Sydney and London). Ms Harvey is a chartered accountant (CA) and holds a Bachelor of Commerce and an MBA.
Mr Dan Kao <i>Executive Director and Director of Operations</i>	See Section 6.1
Mr Alex Virr <i>Chief Technology Officer</i>	Mr Virr joined CleanSpace in 2010 and has extensive experience in medical device and manufacturing, motor design, flow control systems and highly regulated quality management systems. He has previously worked at Teletronics and ResMed. Mr Virr holds a Bachelor of Arts (Hons) and Bachelor of Mechanical Engineering (Hons).
Mr Jon Imms <i>Global Sales Director</i>	Mr Imms joined CleanSpace in 2011 and has been in the safety and respiratory protection industry for over 30 years. He has held sales roles and product management with global manufacturer Scott Health and Safety, and was a member of the SF10 Australian Standards Respiratory Committee which developed the AS1715:2009 certification which is currently used today. During his career, Mr Imms has worked with key industry and government organisations including Rio Tinto, BHP Billiton, the Australian Defence Force, and State Fire Rescue and Ambulance Services.

6.3 INTERESTS AND BENEFITS

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of CleanSpace or SaleCo;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of CleanSpace or SaleCo.

6.3.1 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- Bell Potter Securities Limited and Wilsons Corporate Finance Limited have acted as Joint Lead Managers to the Offer and the fees payable to the Joint Lead Managers pursuant to the Underwriting Agreement are described in Section 10.5;
- Gilbert + Tobin has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$610,000 (excluding disbursements and GST) for the services up to the Prospectus Date. Further amounts may be paid to Gilbert + Tobin in accordance with its normal time-based charges;
- PKF Corporate Finance (NSW) Pty Limited has acted as the Investigating Accountant on, and has performed work in relation to due diligence enquiries, the Financial Information in relation to the Offer and has performed work in relation to its Investigating Accountant's Report in Section 8. The Company has paid, or agreed to pay, approximately \$120,000 (excluding disbursements and GST) for these services up to the date of this Prospectus. Further amounts may be paid to PKF under time-based charges;
- PKF Sydney Pty Ltd has acted as the tax advisor in relation to the Offer. The Company has paid, or agreed to pay, approximately \$10,000 (excluding disbursements and GST) for these services up to the date of this Prospectus. Further amounts may be paid to PKF under time-based charges;
- Frost & Sullivan has been engaged to prepare the Independent Market Report in connection with the Offer. The Company has agreed to pay \$18,000 (excluding disbursements and GST) for the preparation of the Independent Market Report; and
- IP Solved (ANZ) Pty Ltd has been engaged to prepare an IP report in connection with the Offer. This report appears in Section 9 of the Prospectus. The Company has agreed to pay \$6,000 (excluding disbursements and GST) for the preparation of the report, up to the date of this Prospectus. Further amounts may be paid to IP Solved under time-based charges.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.

6.3.2 Directors' interests and remuneration

6.3.2.1 Chief Executive Officer

Dr Alexandra Birrell is employed as Chief Executive Officer. Dr Birrell's employment arrangements are outlined in Section 6.3.4.1.

6.3.2.2 Executive Director – Operations

Mr Dan Kao is employed as Executive Director - Operations. Mr Kao's employment arrangements are outlined in Section 6.3.4.3.

6.3.2.3 Director remuneration

Prior to the Prospectus Date, each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of their appointments, their roles and responsibilities and the Company expectations of them as Directors.

Under the Constitution, the Company in general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Non-Executive Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount of directors fees paid to the Directors (subject to certain exceptions) must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the maximum aggregate Directors' remuneration for the purposes of the ASX Listing Rules and the Constitution is \$500,000 per annum. This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company.

The following annual base fees are payable to Directors (with effect from Completion).

Director Fees	\$
Chairman	\$143,157
Non-Executive Director	\$76,750

The following annual committee fees are payable to the Audit Committee and the Remuneration and Nomination Committee (with effect from Completion).

Committee Fees	Chairman Fee (\$)	Member Fee (\$)
Audit and Risk Management Committee	\$15,000	\$6,468
Remuneration and Nomination Committee	\$15,000	\$6,468

All Directors' fees include superannuation payments required by law to be made. The NEDs are also receiving the one-off NED Grant as described in Section 6.3.7.1.

Dr Alexandra Birrell and Mr Dan Kao do not receive any fees in their capacity as Directors.

6.3.2.4 Directors' interests in Shares

The Directors are not required under the Constitution to hold any Shares. The Directors are entitled to apply for Shares under the Offer.

The Directors' interests in Shares in CleanSpace as at the Prospectus Date and as at Completion are set out below.

Director	Shares held on the Prospectus Date	% of Shares held at the Prospectus Date	Shares held at Completion	% of Shares held on Completion of the Offer	Value ² of Options held on Completion ³
Dr Ron Weinberger	27,778	0.0	50,454 ¹	0.1	\$120,000
Dr Alex Birrell	3,292,897	4.5	2,798,962	3.6	\$264,565
Dan Kao	2,814,088	3.9	2,530,000	3.3	\$82,102
Craig Lawn	991,667	1.4	1,001,871 ¹	1.3	\$120,000
William Highland	151,665	0.2	128,915	0.2	\$120,000
Total	7,278,095	10.0	6,510,202	8.5	

Notes:

1. Includes shares acquired in the IPO.
2. The value of the Options for this purpose is their fair value at the date the Options are granted determined using usual and market standard option valuation methodology.
3. Certain key executives and the Non-Executive Directors of the Company will be granted Options under the Equity Incentive Plan as part of the Offer (refer to sections 6.3.7.2 and 6.3.7.1 respectively).

6.3.3 Deeds of access, insurance and indemnity for Directors

The Company has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to certain books and records of the Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company. This seven-year period can be extended where certain proceedings or investigations commence before that seven-year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors and executive officers, past and present, against all liabilities that arise from their position as an officer of the Company to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company may arrange and maintain Directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

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6.3.4 Executive remuneration

6.3.4.1 Chief Executive Officer

Dr Alexandra Birrell is employed as Chief Executive Officer. Dr Birrell's employment arrangements are set out below.

Term	Description
Employer	CleanSpace Technology Pty Ltd ACN 146 453 554 (CleanSpace Technology)
Fixed annual remuneration	\$481,843 (inclusive of statutory superannuation contributions)
Short term incentive (STI)	Dr Birrell is eligible for an annual bonus of up to \$148,157 inclusive of superannuation. The payment of the bonus is at the discretion of CleanSpace Technology and is subject to Dr Birrell's achievement of certain agreed performance criteria, and the financial performance of CleanSpace Technology.
Long term incentive (LTI)	<p>Dr Birrell is entitled to participate in the Equity Incentive Plan. Dr Birrell is entitled to receive a maximum of \$264,565 worth of Executive Options under the Executive Grant for FY21.</p> <p>Further details on the Equity Incentive Plan are set out in Section 6.3.6.1, including key terms and conditions (such as the exercise price and vesting conditions) applicable.</p>
Notice period, termination and termination payments	<p>Under Dr Birrell's employment contract, either she or CleanSpace Technology may terminate her employment by giving the other party three months' notice (or by CleanSpace Technology making payment in lieu of notice of part of or all of the notice period).</p> <p>CleanSpace Technology may summarily terminate her employment contract in certain circumstances, including where she engages in gross misconduct, is convicted of any criminal offence which brings herself or CleanSpace Technology into disrepute, or is incapacitated by illness or injury that prevents her from performing her duties for a period of three consecutive months (or any periods aggregating three months in any 12 month period).</p>
Non-solicitation/restrictions of future activities	<p>Dr Birrell's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none">▪ non-competition restraints, which purport to operate across Australia and New Zealand;▪ restrictions against soliciting, approaching or accepting any approach from a person who is or was in the immediately preceding 2 years, a customer; and▪ restrictions against soliciting directors, officers, senior employees, contractors or consultants. <p>The restrictions above purport to operate for up to 24 months post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

6.3.4.2 Chief Financial Officer

Ms Elizabeth Harvey is employed as Chief Financial Officer. Ms Harvey's employment arrangements are set out below.

Term	Description
Employer	CleanSpace Technology Pty Ltd (CleanSpace Technology)
Fixed annual remuneration	\$326,400 (inclusive of statutory superannuation contributions)
Short term incentive (STI)	Ms Harvey is eligible for an annual bonus of \$117,600 inclusive of superannuation. The payment of the bonus is at the discretion of CleanSpace Technology and is subject to Ms Harvey's achievement of certain agreed performance criteria, and the financial performance of CleanSpace Technology.
Long term incentive (LTI)	<p>Ms Harvey is entitled to participate in the Equity Incentive Plan. Ms Harvey is entitled to receive a maximum of \$106,275 worth of Executive Options under the Executive Grant for FY21.</p> <p>Further details on the Equity Incentive Plan are set out in Section 6.3.6.1, including key terms and conditions (such as the performance period and vesting conditions) applicable.</p>
Notice period, termination and termination payments	<p>Under Ms Harvey's employment contract, either she or CleanSpace Technology may terminate her employment by giving the other party three months' notice (or by CleanSpace Technology making payment in lieu of notice of part of or all of the notice period).</p> <p>CleanSpace Technology may summarily terminate her employment contract in certain circumstances, including where she engages in gross misconduct, is convicted of any criminal offence which brings herself or CleanSpace Technology into disrepute, or is incapacitated by illness or injury that prevents her from performing her duties for a period of three consecutive months (or any periods aggregating three months in any 12 month period).</p>
Non-solicitation/restrictions of future activities	<p>Ms Harvey's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none"> non-competition restraints, which purport to operate across Australia and New Zealand; restrictions against soliciting, approaching or accepting any approach from a person who is or was in the immediately preceding 2 years, a customer; and restrictions against soliciting directors, officers, senior employees, contractors or consultants. <p>The restrictions above purport to operate for up to 24 months post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

6.3.4.3 Executive Director and Director of Operations

Mr Dan Kao is employed as Executive Director and Director of Operations. Mr Kao's employment arrangements are set out below.

Term	Description
Employer	CleanSpace Technology Pty Ltd (CleanSpace Technology)
Fixed annual remuneration	\$335,944 (inclusive of statutory superannuation contributions)
Short term incentive (STI)	Mr Kao is eligible for an annual bonus of \$114,056 inclusive of superannuation. The payment of the bonus is at the discretion of CleanSpace Technology and is subject to Mr Kao's achievement of certain agreed performance criteria, and the financial performance of CleanSpace Technology.
Long term incentive (LTI)	<p>Mr Kao is entitled to participate in the Equity Incentive Plan. Mr Kao is entitled to receive a maximum of \$82,102 worth of Executive Options under the Executive Grant for FY21.</p> <p>Further details on the Equity Incentive Plan are set out in Section 6.3.6.1, including key terms and conditions (such as the performance period and vesting conditions) applicable.</p>
Notice period, termination and termination payments	<p>Under Mr Kao's employment contract, either he or CleanSpace Technology may terminate his employment by giving the other party three months' notice (or by CleanSpace Technology making payment in lieu of notice of part of or all of the notice period).</p> <p>CleanSpace Technology may summarily terminate his employment contract in certain circumstances, including where he engages in gross misconduct, is convicted of any criminal offence which brings himself or CleanSpace Technology into disrepute, or is incapacitated by illness or injury that prevents him from performing his duties for a period of three consecutive months (or any periods aggregating three months in any 12 month period).</p>
Non-solicitation/restrictions of future activities	<p>Mr Kao's employment contract contains post-employment restraints, including:</p> <ul style="list-style-type: none"> ▪ non-competition restraints, which purport to operate across Australia and New Zealand; ▪ restrictions against soliciting, approaching or accepting any approach from a person who is or was in the immediately preceding 2 years, a customer; and ▪ restrictions against soliciting directors, officers, senior employees, contractors or consultants. <p>The restrictions above purport to operate for up to 24 months post-employment.</p> <p>The enforceability of these restraints is subject to all usual legal requirements.</p>

6.3.5 Senior Management Interest in Shares

6.3.5.1 Other Senior Management

Other senior managements' interest in Shares in CleanSpace as at the Prospectus Date and as at Completion are set out below.

Shareholder	Shares held on the Prospectus Date	% of Shares held at the Prospectus Date	Shares held at Completion	% of Shares held on Completion of the Offer	Value of Options held on Completion ¹
Elizabeth Harvey	538,900	0.7	458,065	0.6	\$106,275
Other senior management	1,408,957	1.9	1,198,957	1.6	\$80,063
Total	1,947,857	2.7	1,657,022	2.2	\$186,338

¹ As part of the Offer, certain senior managers will be granted Executive Options under the Executive Grant (refer to section 6.3.7.2).

6.3.6 Employee incentive arrangements

6.3.6.1 Employee incentive program

The Board has approved the terms of the CleanSpace's new umbrella equity-based long-term incentive plan (**Equity Incentive Plan**). The Board may from time to time, operate the Equity Incentive Plan, determine employees who are eligible to participate and make an invitation to an employee to acquire awards or grant award to an employee. CleanSpace may issue rights (being an entitlement to acquire a Share on the terms and conditions determined by the Board) or options (being an entitlement to acquire a Share subject to satisfaction of applicable conditions and exercise on the terms and conditions determined by the Board), as the context required, under the terms of the Equity Incentive Plan and upon such additional terms and conditions as determined by the Board.

A summary of the key terms of the Equity Incentive Plan is set out below:

- **Payment:** No payment is required for a grant of an award, unless otherwise stated in a grant letter, however the Board may set an exercise price for the exercise of the Options;
- **Unvested awards:**
 - **Participant shareholder entitlements:** a participant is not entitled to vote, receive dividends or distributions, or have any other rights of a shareholder until the underlying shares are allocated following vesting and, if applicable, exercise of the awards.
 - **Lapse of awards:** unless the Board determines, a participant's unvested awards will lapse in whole or in part upon the first to occur of:
 - any condition imposed under the Rules or a grant letter not being satisfied;
 - a circumstance or event described in the Rules or a grant letter that has the effect of lapsing an award; and
 - the date specified in the grant letter, or if no date is specified, 15 years after the award was granted to the participant.
- **Vesting of awards:**
 - **Vesting:**
 - the Board will determine the extent to which awards vest and the date that the awards will vest;
 - the Board may, in its absolute discretion, determine that an award vests early; and
 - awards will lapse, in part or in full, to the extent that the Board determines that the attaching performance or service related conditions have not been satisfied.
 - **Settlement:**
 - vested and, if applicable, exercised awards, will generally be settled with shares (but may, in certain circumstances, be cash settled or net settled); and
 - the Board may at any time determine that disposal restrictions will apply to a share allocated on the vesting and exercise of an award.

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- **Dividend equivalents:** The Board may, in its absolute discretion, provide a “dividend equivalent” in respect of an award held by a participant, at any time until the award is settled. A “dividend equivalent” is an amount equal to the value of a dividend or distribution payment a participant would have received, had the participant held a share, rather than an award, and may be made in cash, or by providing shares, rights or options of similar value to the dividend. No dividend equivalent will be provided on an award that has lapsed.
 - **Ceasing employment:** Notwithstanding any other provision of the Rules, or any grant letter, the Board retains absolute discretion to determine the treatment of vested or unvested awards, or the number of unvested awards that will vest or lapse upon a participant ceasing to be an employee.
 - **Unvested awards:**
 - If a participant ceases to be an employee prior to their awards vesting, by reason of termination for cause, their awards will lapse immediately.
 - Generally, however, if a participant ceases to be an employee prior to their awards vesting, their unvested awards will not lapse on cessation and:
 - where the attaching conditions include performance-related conditions, any service-related conditions will be deemed to have been satisfied, and those awards will be tested following the end of the vesting period, and will vest to the extent the performance related conditions have been satisfied; and
 - where the attaching conditions include service-related conditions (but not performance-related conditions) the service-related conditions will be deemed to have been satisfied and those awards will vest following the end of the vesting period.
 - If a participant ceases to be an employee due to death, all unvested awards will be transferred to the participant’s estate.
 - **Vested awards:**
 - unless the Board determines otherwise, a participant who ceases to be an employee must exercise any vested awards that require exercise by the earlier of:
 - 90 days of ceasing to be an employee; or
 - The date the award lapses.

Awards which are not exercised within this period will lapse; and

 - if a participant ceases to be an employee by reason of termination for cause, all vested awards which have not been exercised will immediately lapse
- **Change of Control:**
 - **Board discretion:** if an “Event”⁴ occurs, the Board may determine, in its absolute discretion, the treatment of the participant’s awards, and the timing of such treatment. This could include that the awards:
 - vest in full or in part;
 - remain subject to the applicable conditions and/or vesting periods;
 - become subject to substitute or varied conditions and/or periods;
 - convert to shares on a particular date; or
 - may only be cash settled, or settled with securities other than ordinary shares.
 - **Default treatment on a change of control**⁵:
 - Where the Board does not exercise the aforementioned discretion, on a change of control a pro rata number of participant’s unvested awards will vest based on the proportion of the vesting period that has passed at the time of the change of control, and to the extent that any applicable performance-based conditions have been satisfied.

⁴ An “Event” means where a takeover bid is made for the Company and the Board resolves to recommend the bid to shareholders; where a court convenes a meeting of shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of shares in the Company may change; where a notice is sent to shareholders of the Company proposing a resolution for the winding up of the Company; or where any transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company.

⁵ A “change of control” occurs where, as a result of any event or transaction, a person becomes entitled to more than 50 % of the shares, or to all or substantially all of the CleanSpace group’s business and assets.

- Where a participant holds a vested award at the date of the change of control event:
 - for each vested award requiring exercise, the participant will have 30 days from the date of the change of control event, or such other period as the Board determines, in which to exercise the award. Any awards not exercised within this period will lapse;
 - for each vested right not requiring exercise, the Company will have 30 days from the date of the Change of Control, or such other period as the Board determines, in which to settle the award;
 - for any share acquired on the vesting or, if applicable, exercise of awards that is subject to disposal restrictions, the Company shall have the disposal restrictions lifted within 30 days from the date of the change of control, or such other period as the Board determines.

▪ **Malus and clawback:**

- **Actions of a participant:** Where, in the opinion of the Board, a participant has or may obtain an unfair benefit as a result of an act which constitutes fraud, dishonest or gross misconduct, brings the group into disrepute, is in breach of his or her obligations to the group, or constitutes a failure to perform any act reasonably and lawfully request of the participant, the Board may exercise its discretion to take actions with respect to the participant's awards. These actions could include resetting the applicable conditions and/or vesting period, deeming unvested awards to have lapsed or been forfeited, or where shares that have been allocated to a participant have been sold, requiring the participant repay the net proceeds of sale.
- **Actions of any person:** Where, in the opinion of the Board, a participant has or may obtain an unfair benefit as a result of an act of any person which constitutes fraud, dishonesty, breach of obligations or gross incompetence, and results or is likely to result in a detrimental impact on Company performance then if an award:
 - which would not have otherwise vested, vests or may vest, the Board may exercise its discretion to ensure that no unfair benefit is obtained; or
 - which may otherwise have vested, does not vest, the Board may reconsider the satisfaction of the applicable conditions and reinstate and vest any award that may have lapsed to the extent that the Board determines appropriate in the circumstances, or make a new grant of awards that reflects the terms of the original award.

- **Amendment of the Rules:** So long as the rights of a participant are not materially reduced (other than if an amendment is made primarily to comply with present or future laws applicable to the Equity Incentive Plan), the Board may at any time, in its absolute discretion, amend, supplement or revoke all of the Rules, or any or all of the rights or obligations attaching to an award. The Board must provide written notification to participants so affected.

6.3.7 Grants under the Equity Incentive Plan

CleanSpace intends to make the following grants under the Equity Incentive Plan:

- one-off non-executive director grant of Options in connection with the IPO (NED Grant);
- FY21 long-term incentive grant of Options for key executives (Executive Grant); and
- a grant of Options to other key employees in connection with the IPO to assist with retention and alignment (**Employee Grant**).

The aggregate pool of Options under the Equity Incentive Plan is intended to be limited to an interest in a maximum of 7% of the total issued capital of the Company on a fully-diluted basis.

6.3.7.1 Non-Executive Director Grant

The NED Grant is a one-off grant made under the Equity Incentive Plan pursuant to which the Non-executive Directors (**NEDs**) of the Company will be granted Options (**NED Options**). It is expected the NED Options will have the following key features:

Feature	Description
Timing of NED Grant	The one-off NED Grant is conditional on completion of the Offer and listing of the Company on ASX, and will occur on or shortly after Completion. This is intended to be a one-off offer only.
Eligibility and NED Grant participants	All of the Company's NEDs are eligible to and will participate in the NED Grant.
Entitlement to Shares	Participating NEDs will be granted options to acquire fully-paid ordinary shares in the Company. Upon vesting (and subject to the Company's share trading policy), participants may exercise their vested NED Options, by paying the exercise price, at any time prior to the expiry date (refer below for details regarding the vesting conditions and expiry date).
Cost to participants	NED Options will be granted for nil consideration.
Exercise price	The exercise price (per NED Option) will be equal to the Offer Price.
Allocation methodology	The number of Options will be determined by dividing the grant value by the "fair value" of an Option at the time of grant, as determined under an option pricing model.
Vesting Conditions	The NED Options will vest subject to the participant remaining a Director of the Company until 30 June 2021.
Exercise Period	The NED Options expire 5 years from the date they are granted.
Post-exercise trading restrictions	No disposal restrictions will apply to shares allocated to the participant on exercise of the NED Options other than restrictions imposed by the Company's share trading policy (or restrictions imposed by any restriction agreement / escrow deed entered into by the participant in connection with the Offer).

Feature	Description
Ceasing to hold office	<p>In respect of unvested NED Options:</p> <ul style="list-style-type: none"> if the participant ceases to hold office with the Company prior to the NED Options vesting, the Board will determine the extent to which any NED Options lapse (taking into account the circumstances in which the participant ceases to be a NED and the proportion of the vesting period that has elapsed); and any unvested NED Options that the Board does not determine to lapse at cessation will remain on foot and may vest on the original vesting date. <p>In respect of vested NED Options, if the participant ceases to hold office with the Company after the NED Options have vested, all vested NED Options must be exercised within 90 days of cessation (unless the Board determine that a different period should apply).</p>
Change of Control	<p>If a Change of Control occurs, subject to the Board's discretion to determine a different treatment should apply, a pro-rata number of unvested NED Options (reflecting the proportion of the vesting period that has elapsed between the grant date and the date of the Change of Control) will vest and become exercisable.</p>
Malus and Clawback	<p>Malus and clawback provisions will apply to unvested and vested NED Options in certain circumstances (e.g. fraud, misconduct and/or material misstatement).</p>

The following grants of NED Options will be made to the following NEDs on or shortly after Completion as part of the NED Grant under the Equity Incentive Plan:

Participant	Value ¹ of NED Options	Exercise Price	Final date of vesting periods
Dr Ron Weinberger	\$120,000	The Offer Price	30 June 2021
Mr Craig Lawn	\$120,000	The Offer Price	30 June 2021
Mr William Highland	\$120,000	The Offer Price	30 June 2021

¹ The value of the NED Options for this purpose is their fair value at the date the NED Options are granted determined using usual and market standard option valuation methodology.

6.3.7.2 Executive Grant

The Executive Grant is a grant made under the Equity Incentive Plan pursuant to which certain key executives will be granted Options (**Executive Options**) for the FY21 period. It is expected that additional Executive Options will be granted to certain key executives under the Equity Incentive Plan annually thereafter in accordance with the Equity Incentive Plan. It is expected that the Executive Options will have the following key features:

Feature	Description
Timing of Executive Grant	The Executive Grant is conditional on completion of the Offer and listing of the Company on ASX, and will occur on or shortly after Completion. It is expected that additional Executive Options will be granted to certain key executives under the Equity Incentive Plan annually thereafter.
Eligibility	Offers of Executive Options may be made under the Equity Incentive Plan to the Company's Chief Executive Officer and direct reports.
Executive Grant participants	It is expected that the Executive Grant will be limited to the Chief Executive Officer and direct reports (approximately 5 executives in total) and that any additional Executive Options granted annually thereafter will also be limited to the then Chief Executive Officer and direct reports.
Entitlement to Shares	<p>Participating executives will be granted options to acquire fully-paid ordinary Shares in the Company.</p> <p>Upon vesting (and subject to the Company's share trading policy), participants may exercise their vested Executive Options, by paying the exercise price, at any time prior to the expiry date (refer below for details regarding the vesting conditions and expiry date).</p> <p>On exercise of a vested Executive Option, one fully-paid ordinary Share in the Company will be allocated to the participant. At this time the participant may request that the Company (and the Board may determine to) "net-settle" Executive Options, in which the case the participant does not pay the exercise price and is instead allocated the number of shares equal to the number of exercised Executive Options less the number of shares that have a value equal to the exercise price.</p> <p>The Board retains discretion to cash-settle vested Executive Options (by making a cash payment equivalent in value to the gain the participant would realise by exercising the Executive Options and immediately selling the participant's shares).</p>
Cost to participants	Executive Options will be granted for nil consideration
Exercise price	The exercise price (per Executive Option) will be equal to the IPO offer price.
Allocation methodology	The number of Options will be determined by dividing the participant's grant value (which may be up to a maximum of 50% of the participant's fixed remuneration per annum) by the "fair value" of an Option at the time of grant, as determined under an option pricing model.

Feature	Description
Vesting Conditions	<p>The Executive Options will vest to participating employees in two tranches:</p> <ol style="list-style-type: none"> Tranche 1: 50% of the Executive Options granted will vest if the participant remains employed by the Company at the date of release of the Company's FY22 full-year results, which is expected to be in or around August 2022; and Tranche 2: 50% of the Executive Options will vest if the participant remains employed by the Company at the date of release of the Company's FY23 full-year results, which is expected to be in or around August 2023.
Exercise Period	The Executive Options expire 5 years from the date they are granted.
Post-exercise trading restrictions	No disposal restrictions will apply to Shares allocated to a participant on exercise of the Executive Options other than those imposed by the Company's share trading policy (or restrictions imposed by any voluntary escrow deed entered into by the participant in connection with the IPO).
Cessation of Employment	<p>In respect of unvested Executive Options, noting the Board will retain an overriding discretion to apply a different treatment:</p> <ul style="list-style-type: none"> where a participant ceases employment due to termination for cause (e.g. misconduct, fraud), all unvested Executive Options will lapse on the date the participant ceases employment; and where a participant ceases employment in any other circumstance, as a default treatment, the participant will be permitted to retain a pro-rata portion of their unvested Executive Options (based on the portion of the vesting period served). The retained pro-rata Options will remain "on-foot" and may vest at the normal vesting date (subject to the Board determining that the unvested Executive Options should lapse when the participant ceases employment). For example, the Board will normally determine to lapse unvested Options where cessation of employment occurs by reason of voluntary resignation. <p>In respect of vested (but unexercised) Executive Options:</p> <ul style="list-style-type: none"> where a participant ceases employment due to termination for cause (e.g. misconduct and fraud), all vested (but unexercised) Executive Options will lapse on the date the participant ceases employment (unless the Board determines otherwise); and in all other circumstances, the participant must exercise their vested Executive Options within 90 days of cessation (unless the Board determines that a different period should apply). All vested Executive Options will lapse if not exercised at the end of the relevant period.

Feature	Description
Change of Control	<p>A “change of control” will occur if a person becomes entitled to more than 50% of the Company's issued share capital (as a result of any event or transaction), or where the Company sells all or a substantial portion of its business or assets (or any other event occurs which the Board determines should be treated as a change of control) (Change of Control).</p> <p>Subject to the Board's discretion to determine a different treatment should apply, on a Change of Control, a pro-rata number of unvested Executive Options (reflecting the period that has elapsed between the date of the grant and the date of the Change of Control) will vest and become exercisable. The Board can determine that additional unvested Executive Options should vest.</p>
Malus and Clawback	<p>Malus and clawback provisions will apply to unvested and vested Executive Options in certain circumstances (e.g. fraud, misconduct and/or material misstatement).</p>

The following grants of Executive Options will be made to the following key executives on or shortly after Completion as part of the Executive Grant under the Equity Incentive Plan:

Participant	Value ¹ of Executive Options	Exercise Price	Final date of vesting periods
Dr Alexandra Birrell	\$264,565	The Offer Price	50% vest at the date of release of the Company's FY22 full-year results, which is expected to be in or around August 2022 and the remaining 50% at the date of release of the Company's FY23 full-year results, which is expected to be in or around August 2023
Ms Elizabeth Harvey	\$106,275	The Offer Price	50% vest at the date of release of the Company's FY22 full-year results, which is expected to be in or around August 2022, and the remaining 50% at the date of release of the Company's FY23 full-year results, which is expected to be in or around August 2023
Mr Dan Kao	\$82,102	The Offer Price	50% vest at the date of release of the Company's FY22 full-year results, which is expected to be in or around August 2022, and the remaining 50% at the date of release of the Company's FY23 full-year results, which is expected to be in or around August 2023
Other key executives	\$80,063	The Offer Price	50% vest at the date of release of the Company's FY22 full-year results, which is expected to be in or around August 2022, and the remaining 50% at the date of release of the Company's FY23 full-year results, which is expected to be in or around August 2023

¹ The value of the Executive Options for this purpose is their fair value at the date the Executive Options are granted determined using usual and market standard option valuation methodology.

6.3.7.3 Employee Grant

CleanSpace also intends to grant certain other key employees (as determined by CleanSpace's Remuneration and Nomination Committee) with Options in connection with the IPO (**Employee Options**) under the Equity Incentive Plan (being the Employee Grant) to assist with retention and alignment. The Employee Grant will be on substantially the same terms as the Executive Grant. The aggregate pool of Options under the Equity Incentive Plan generally (including all grants described above) is intended to be limited to an interest in a maximum of 7% of the total issued capital of the Company on a fully diluted basis.

6.3.8 Related party transactions

Other than as disclosed in this Prospectus, CleanSpace is not party to any material related party arrangements.

6.4 CORPORATE GOVERNANCE

6.4.1 Introduction

This Section 6.4 explains how the Board will exercise the management of CleanSpace's business. The Board is responsible for the overall corporate governance of CleanSpace. The Board monitors the operational and financial position and performance of CleanSpace and oversees its business strategy including approving its strategic goals. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial returns, and sustaining the growth and success of CleanSpace.

With these objectives in mind, the Board is concerned to ensure that CleanSpace is properly managed to protect and enhance shareholder interests and that CleanSpace, its Directors, officers and employees, operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing CleanSpace including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for CleanSpace's business and which are designed to promote the responsible management and conduct of CleanSpace.

6.4.2 ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council has developed and released its fourth edition of the corporate governance recommendations for Australian listed entities (ASX Recommendations) in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptions, but guidelines. However, under the Listing Rules, CleanSpace will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the relevant reporting period. Where CleanSpace does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it and must also disclose what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The Company's current departures from the ASX Recommendations are included at Section 6.4.15 below.

The key aspects of the Board's charters and policies are summarised below. These charters and policies are available on its website: www.cleanspacetechnology.com/investor-centre.

6.4.3 The Board of Directors

The Board of Directors is comprised of:

- Dr Ronald Weinberger;
- Dr Alexandra Birrell;
- Mr Dan Kao;
- Mr Craig Lawn; and
- Mr William Highland.

Biographies of the Board members are provided in Section 6.1.

Each Director has confirmed to CleanSpace that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of CleanSpace. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of CleanSpace and its securityholders generally.

The Board considers that each of Ronald Weinberger and Craig Lawn is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Dr Alexandra Birrell is currently considered by the Board not to be independent on the basis that she is the CEO of CleanSpace and has an interest in 3,292,897 Shares as at the Prospectus Date.

Mr Dan Kao is currently considered by the board not to be independent on the basis that he is an executive and has an interest in 2,814,088 Shares as at the Prospectus Date.

William Highland is currently considered by the Board not to be independent on the basis that he was appointed to the CleanSpace board as a representative of institutional investors CVC and Acorn, which as at the Prospectus Date have an interest in 11,437,182 and 10,845,290 Shares respectively.

As at Listing, the Board will consist of two independent Directors and three non-independent Directors. This is not consistent with Recommendation 2.4 of the ASX Recommendations, however, the Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors. The independent non-executive directors may consider conferring periodically without the non-independent directors present.

6.4.4 Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity which are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

6.4.5 Board Committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

6.4.6 Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Company will comply with the recommendations set by the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Mr Craig Lawn (Chair), Dr Ron Weinberger, and Mr William Highland.

6.4.7 Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's Remuneration and Nomination policies and practices.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Remuneration and Nomination Committee is also responsible for administering short term and long term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Company will comply with the recommendations set by the ASX Listing Rules and the ASX Corporate Governance Council in relation to the composition and operation of the Committee. The Committee will comprise of Dr Ron Weinberger (Chair), Mr Craig Lawn, and Mr William Highland.

6.4.8 Code of Conduct

The Company is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how it expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

The Code of Conduct is designed to provide a benchmark for professional behaviour throughout the Company's business, support its business reputation and corporate image within the community and make the Company's Directors and employees aware of the consequences if they breach this policy.

6.4.9 Disclosure Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately advise ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a Disclosure Policy to take effect from Listing, which reinforces the Company's commitment to its continuous disclosure obligations, and describes the processes in place that enable the Company to provide Shareholders with timely disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX, and copies of the Company's announcements to ASX will be available on the Company's website.

6.4.10 Communications with Shareholders

The Company aims to keep Shareholders informed of major developments affecting the Company. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company's website, at the Company's AGM and through the Company's Annual Report and ASX announcements.

6.4.11 Diversity Policy

The Board has approved a Diversity Policy, which sets out the Company's commitment to an inclusive and diverse workforce. The Company will include in its corporate governance statement each year details of the measurable objectives set under the Diversity Policy of the year to which the corporate governance statement relates, and a summary of the Company's progress towards achieving those measurable objectives.

6.4.12 Securities Trading Policy

The Company has adopted a Securities Trading Policy that is intended to explain the types of conduct in relation to dealing in securities that are prohibited by law and establish procedures for the buying and selling of securities to ensure that public confidence is maintained in the reputation of the Company and the Company's Directors and employees, and in the trading of the Company's securities.

The Securities Trading Policy provides that Directors, employees and contractors must not deal in the Company's securities when they are aware of 'inside' information. Directors and certain restricted employees must not deal in the Company's securities during any of the following blackout periods:

- from the close of the ASX trading day on 30 November each year, until 10:00 am Australian Eastern Daylight Time (AEDT) on the ASX trading day following the day on which the Company's half yearly results are released to the ASX;
- from the close of the ASX trading day on 31 May each year, until 10:00 am (AEST) on the ASX trading day following the day on which the Company's full year results are released to the ASX;
- from the close of the ASX trading day two weeks prior to the date of the Company's AGM until 10:00 am (AEST) on the ASX trading day following the date of the Company's AGM; and
- any other period that the Board specifies from time to time.

If 31 May or 30 November are not ASX trading days, then the blackout period begins on the preceding ASX trading day.

Directors and restricted employees must confirm they are not in possession of any inside information and receive prior approval for any proposed dealing in the Company's securities outside of the above blackout periods (including any proposed dealing by one of their connected persons).

6.4.13 Whistle-blower protection Policy

The Company is committed to the highest standards of conduct and ethical behaviour in all of its business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance. This policy has been adopted to provide a safe and confidential environment where concerns can be raised by whistle blowers without fear of reprisal or detrimental treatment.

6.4.14 Anti-bribery and corruption Policy

The Company is committed to complying with all laws of the jurisdictions in which it operates, including those relating to bribery and corruption. The anti-bribery and corruption policy set out the responsibilities of the Company's personnel, including in their dealings with, and through, third parties. It addresses protection of the Company's personnel in seeking to comply with this policy, investigations, consequences for breach, examples of improper conduct, contact with government officials, in-kind gifts and corporate hospitality, political and charitable contributions and secret commissions.

6.4.15 Departure from ASX recommendations

Through the corporate governance framework adopted by the Board (and summarised above), the Company is compliant with each of the ASX Recommendations, other than the following:

- as noted above in Section 6.4.3, as at Listing, the Board will consist of two independent Directors and three non-independent Directors. This is not consistent with Recommendation 2.4 of the ASX Recommendations, however, the Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors. The independent non-executive directors may consider conferring periodically without the non-independent directors present.

SECTION SEVEN

Details of the Offer



7 Details of the Offer

7.1 THE OFFER

This Prospectus relates to an initial public offering of 4,535,147 new Shares by the Company at the Offer Price of \$4.41 per Share and the sale of 25,256,274 existing Shares held by SaleCo at the Offer Price. The Shares offered under this Prospectus will represent approximately 38.7% of the Shares on issue at Completion.

The Offer is expected to raise approximately \$131.4 million. The total number of Shares on issue at Completion will be 77,019,523 million and all Shares will, once issued, rank equally with each other. A summary of the rights attaching to the Shares is set out in Section 7.12.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- the Broker Firm Offer, which is open to Australian retail clients of Brokers who have received a firm allocation from their Broker; and
- the Priority Offer, which is open to investors who have received an invitation to participate in the Offer from the Company and who have a registered address in Australia; and
- the Institutional Offer, which consisted of an invitation to bid for Shares made to Institutional Investors in Australia and certain other eligible jurisdictions.

No general public offer of Shares will be made under the Offer.

Details of the Broker Firm Offer and the allocation policy under it are described in Section 7.3. Details of the Priority Offer and the allocation policy under it are described in Section 7.4.

Details of the Institutional Offer and the allocation policy under it are described in Section 7.5. The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer was determined by the Joint Lead Managers in consultation with CleanSpace, having regard to the allocation policies outlined in Sections 7.3.4, 7.4.4 and 7.5.2.

The Offer has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 10.5.

7.1.2 Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- provide financial flexibility to the Company to support growth objectives;
- repay existing debt;
- provide a liquid market for certain existing shareholders to realise all or part of their investment in CleanSpace, and an opportunity for others to invest in Shares;
- gain the benefits of a further increased profile that arises from being a publicly listed entity; and
- pay the costs of the Offer.

7.1.3 Sources and uses of funds

The Offer is expected to raise \$131.4 million, which is equal to the number of Shares issued and sold under the Offer multiplied by the Offer Price. The table below sets out the sources and uses of funds following Completion.

The proceeds of the Offer will be applied as follows:

Sources	\$ Million	%	Uses	\$ Million	%
Offer proceeds from issue of new Shares by the Company	20.0	15.2			
			Repay existing debt	4.7	3.6
			Fund growth initiatives	13.3	10.1
			Offer costs	2.0	1.5
Offer proceeds received by SaleCo from the sale of Existing Shares by Selling Shareholders	111.4	84.8	Payment to Selling Shareholders	111.4	84.8
Total sources	131.4	100	Total uses	131.4	100

7.1.4 Shareholding structure

Details of the ownership of Shares on Completion are set out below:

Director	Shares held on the Prospectus Date	% held at the Prospectus Date	Shares acquired in the Offer	Shares held at Completion	% of Shares held on Completion of the Offer
Non-executive directors	1,171,110	1.6	32,880	1,181,240	1.5
Key Management	8,054,842	11.1	0	6,985,984	9.1
Other employees	2,443,726	3.4	17,010	2,316,881	3.0
CVC	11,437,182	15.8	0	10,007,535	13.0
Acorn	10,845,290	15.0	1,950,113	6,080,863	7.9
Other Existing Shareholders	38,532,226	53.2	0	22,655,602	29.4
Other IPO investors	0	0.0	27,791,418	27,791,418	36.1
Total	72,484,376	100.0	29,791,421	77,019,523	100.0

At Completion, 54.9% of the Shares will be subject to voluntary escrow arrangements (i.e. in the opinion of the Company, the free float of Shares at the time of Listing on the Official List will be no less than 20% of Shares on issue at that time). In relation to the Shares held by Existing Shareholders at Completion⁶, 89.5% of those Shares will be subject to voluntary escrow arrangements

Details of the Shares that will be subject to escrow arrangements are set out in Section 10.8.

7.1.5 Potential effect of the fundraising on the future of CleanSpace

The Directors believe that on Completion, CleanSpace will have sufficient funds available from cash proceeds of the Offer and its operations to fulfil the purposes of the Offer and meet the Company's stated business objectives.

The Directors do not expect any Shareholder to control (as defined in section 50AA of the Corporations Act) the Company on Completion.

⁶ Excluding Shares acquired in the IPO.

7.2 TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of CleanSpace).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.12.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being \$4.41 per Share.
What is the Broker Firm Offer and Priority Offer period?	<p>The Broker Firm Offer and Priority Offer opens at 9.00am (AEST) on Wednesday, 7 October 2020.</p> <p>The Broker Firm Offer and Priority Offer closes at 5.00pm (AEST) on Tuesday, 13 October 2020.</p> <p>The key dates, including details of the Offer Period, are set out on page 5. The timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEST. The Company in consultation with the Joint Lead Managers, reserve the right to vary both of the above times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before settlement, in each case without prior notice). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.</p> <p>No securities will be issued on the basis of this Prospectus later than the Expiry Date.</p>
What are the cash proceeds to be raised?	Approximately \$131.4 million will be raised if the Offer proceeds.
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 10.5.
What is the minimum and maximum Application size under the Broker Firm Offer and Priority Offer?	<p>The minimum Application under the Broker Firm Offer is \$2,000 worth of Shares, and in multiples of \$500 thereafter.</p> <p>The minimum Application amount under the Priority Offer is \$2,000 worth of Shares, and in multiples of \$500 thereafter. There is no maximum value of Shares that may be applied for under the Priority Offer.</p>

Topic	Summary
What is the allocation policy?	<p>The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer was determined by the Joint Lead Managers in consultation with the Company, having regard to the allocation policy outlined in Sections 7.3.4, 7.4.4 and 7.5.2.</p> <p>For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients.</p> <p>The Joint Lead Managers and the Company have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate a lesser number of Shares than applied for. The Joint Lead Managers and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.</p>
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on Thursday, 22 October 2020.</p>
Will the Shares be quoted?	<p>CleanSpace will apply to the ASX within seven days after the Prospectus Date for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code CSX). Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>
When are the Shares expected to commence trading?	<p>It is expected that trading of the Shares on ASX will commence on a normal settlement basis on around Friday, 23 October 2020.</p> <p>The Company and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the CleanSpace Offer Information Line, by a Broker or otherwise.</p>
Are there any escrow arrangements?	<p>Yes. Details are provided in Section 10.8.</p>
Has any ASIC relief or ASX waiver been obtained or been relied on?	<p>Yes. Details are provided in Section 10.7.</p>
Are there any taxation considerations?	<p>The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. Refer to Section 10.11 for general tax considerations.</p>

Topic	Summary
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.
What should you do with any enquiries?	<p>All enquiries in relation to this Prospectus should be directed to the CleanSpace Offer Information Line on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) from 8.15am to 5.30pm AEST, Monday to Friday (Business Days only) during the Offer Period.</p> <p>All enquiries in relation to the Broker Firm Offer should be directed to your Broker.</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant, financial adviser or other independent professional adviser before deciding whether to invest.</p>

7.3 BROKER FIRM OFFER

7.3.1 Who can apply?

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia. If you have received a firm allocation of Shares from your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that allocation. You should contact your Broker to determine whether you can receive an allocation of Shares from them under the Broker Firm Offer. The Broker Firm Offer is not open to persons in the United States.

7.3.2 How to apply?

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker or the CleanSpace Offer Information Line on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) to request a copy of this Prospectus and Application Form, or download a copy at www.cleanspacetechnology.com/investor-centre. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (AEST) on the Closing Date or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

CleanSpace, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

CleanSpace and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

7.3.3 Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

7.3.4 Allocation policy under the Broker Firm Offer

Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients, and they (and not CleanSpace or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

7.3.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by you to CleanSpace to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified in the Application Form or any lower number, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

CleanSpace and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.3.6 Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to Successful Applicants. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by CleanSpace.

7.4 PRIORITY OFFER

7.4.1 Who can apply?

The Priority Offer is open to investors who have received an invitation to participate in the Offer from the Company and who have a registered address in Australia. The Priority Offer may also be extended to Australian resident employees of CleanSpace invited by the Company. If you have been invited by the Company to participate in the Priority Offer, you will be treated as an Applicant under the Priority Offer in respect of those Shares that are allocated to you.

7.4.2 How to apply?

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for Shares, you should follow the instructions on your personalised invitation to complete and lodge your Application.

7 | Details of the Offer

By making an Application under the Priority Offer, you declare that you were invited to participate in the Priority Offer and were given access to this Prospectus (and any supplementary or replacement prospectus), together with a Priority Offer Application Form.

The minimum Application size for the Priority Offer is \$2,000 worth of Shares at the Offer Price and in multiples of \$500 worth of Shares at the Offer Price thereafter). There is no maximum value of Shares that may be applied for under the Priority Offer.

The Company reserve the right to scale back or reject Applications in whole or part, without giving any reason, subject to the terms of the guaranteed minimum allocation described above. Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for (subject to the guaranteed minimum allocation) will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded. The Company may amend or waive the Priority Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to the ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their Applications as early as possible.

7.4.3 Payment methods

Applicants under the Priority Offer must pay by BPAY following the instructions outlined in their personalised invitation and Priority Offer Application Form.

When completing your BPAY payment, please make sure to use the specific biller code and unique Customer Reference Number (**CRN**) provided to you on your online Priority Offer Application Form.

It is the Applicant's responsibility to ensure payments are received by the end of the Offer Period, being 5.00pm (AEST) on Tuesday, 13 October 2020. If you make a BPAY payment, your bank, credit union or building society may impose a limit on the amount that you can transact on BPAY and policies with respect to timing for processing BPAY transactions, which may vary between bank, credit union or building society. The Company and the Joint Lead Managers take no responsibility for any failure to receive Application Monies by BPAY before the end of the Offer Period arising as a result of, among other things, delays in processing of payments by financial institutions.

If the amount of your BPAY payment for Application Payments (or the amount for which those BPAY payments clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your Priority Offer Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Payments will pay for (and to also have specified that amount in your Priority Offer Application Form), or your Application may be rejected.

For more details, you should contact the CleanSpace Offer Information Line on 1300 737 760 (toll free within Australia) or +61 2 9290 9600 (outside Australia) from 8.15am to 5.30pm (AEST), Monday to Friday (excluding public holidays).

7.4.4 Allocation policy

Allocations under the Priority Offer will be at the absolute discretion of the Joint Lead Managers and the Company.

7.4.5 Acceptance of Applications

An Application in the Priority Offer is an offer by you to CleanSpace to apply for the amount of Shares specified in the Priority Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted in respect of the full number of Shares specified in the Application Form or any lower number, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

CleanSpace and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Priority Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.4.6 Application Monies

Application Monies received under the Priority Offer will be held in a special purpose account until Shares are issued or transferred to Successful Applicants. Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by CleanSpace.

7.5 INSTITUTIONAL OFFER

7.5.1 Invitations to bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions outside the United States to bid for an allocation of Shares at the Offer Price. The Joint Lead Managers separately advised Institutional Investors of the application procedures for the Institutional Offer.

7.5.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants between the Institutional Offer, the Broker Firm Offer and the Priority Offer was determined by the Joint Lead Managers in consultation with CleanSpace. The Joint Lead Managers and CleanSpace had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers.

The allocation policy was influenced, but not constrained, by the following factors:

- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- CleanSpace's desire for an informed and active trading market following Listing;
- CleanSpace's desire to establish a wide spread of institutional Shareholders;
- overall level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term Shareholders; and
- any other factors that CleanSpace and the Joint Lead Managers considered appropriate.

7.6 VOLUNTARY ESCROW ARRANGEMENTS

Upon Completion of the Offer, approximately 54.9% of Shareholders will have their Shares subject to voluntary escrow arrangements.

The Escrowed Shareholders have entered into voluntary escrow arrangements which prevent them from disposing of their Escrowed Shares during the relevant staged Escrow Period (subject to relevant exceptions). See Section 10.8 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Shares during the relevant Escrow Periods.

7.7 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this Prospectus may not be released to US wire services or distributed in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States.

This Prospectus may not be distributed outside Australia unless it has attached to it the selling restrictions applicable in the relevant jurisdictions and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

7.8 ACKNOWLEDGEMENTS

Each Applicant in the Broker Firm Offer and Priority Offer and each person in Australia to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted, agreed and acknowledged as follows:

- it agrees to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- it acknowledges having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) accompanying the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company, the Share Registry or a Broker receives an Application Form (including electronically), it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties, acknowledgements and covenants set out in the confirmation of allocation letter distributed to it. Refer to Section 10.12 for further details on the selling restrictions relating to foreign jurisdictions.

7.9 DISCRETION REGARDING THE OFFER

The Company and SaleCo may withdraw the Offer at any time before the issue of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Joint Lead Managers, the Company and SaleCo also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

7.10 UNDERWRITING AGREEMENT

The Offer is fully underwritten pursuant to an Underwriting Agreement under which the Joint Lead Managers have been appointed to arrange and manage and act as joint lead managers, joint bookrunners and joint underwriters of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite severally Applications for all Shares under the Offer in equal proportions.

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 10.5.

7.11 ASX LISTING, REGISTERS AND HOLDING STATEMENTS

7.11.1 Application for ASX listing and quotation of Shares

The Company has applied for admission to the Official List and quotation of the Shares on ASX under the code 'CSX'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

Upon Listing, the Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.11.2 CHESS and issuer sponsored holdings

The Company has applied to participate in ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.12 SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

7.12.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and all other applicable laws and regulations.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List of the ASX.

7.12.2 Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to shareholders.

7.12.3 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has (a) on a show of hands, one vote and (b) on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to a vote for each fully paid share held (with adjusted voting rights for partially paid shares). The Chairman does not have a casting vote.

7.12.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

7.12.5 Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

If the Directors decline to register a transfer or apply a holding lock, the Company must give the party lodging the transfer written notice of the refusal or holding lock and the reason for refusal or holding lock.

7.12.6 Issue of further Shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.12.7 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.12.8 Winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

7.12.9 Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of not less than \$500.

7.12.10 Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the ASX Listing Rules.

7.12.11 Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

7.12.12 Reduction of share capital

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

7.12.13 Proportional takeover provisions

The Constitution contains provisions requiring shareholder approval before any proportional takeover bid can proceed. The provision will cease to have effect three years from the date of adoption of the Constitution unless it is renewed by special resolution of shareholders in a general meeting.

7.12.14 Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

7.12.15 Directors – appointment and removal

Under the Constitution, the minimum number of Directors is 3 and the maximum is 12 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.12.16 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

7.12.17 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

7.12.18 Directors' and officers' indemnity

The Company, to the extent permitted by law, must indemnify each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for reasonable legal costs on a full indemnity basis.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

SECTION EIGHT

Investigating Accountant's Report



8 Investigating Accountant's Report



The Directors
CleanSpace Holdings Limited
Ground Floor
16-18 Carlotta Street
Artarmon NSW 2064

Dear Directors,

INDEPENDENT ACCOUNTANT'S REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON CLEANSPACE HOLDINGS LIMITED'S HISTORICAL AND FORECAST FINANCIAL INFORMATION

1. Introduction

PKF Corporate Finance (NSW) Pty Limited ("**PKFCF**", "**We**", "**Us**") have been engaged by CleanSpace Holdings Limited ("**Cleanspace**" or the "**Company**") and CleanSpace SaleCo Limited ("**SaleCo**") to prepare this report for inclusion in the Prospectus (the "**Prospectus**") to be dated on or about 28 September 2020 relating to the issue of ordinary shares in the Company and Listing on the Australian Securities Exchange ("**ASX**") ("**Listing**").

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

2. Scope

You have requested PKFCF to perform a limited assurance engagement in relation to the pro-forma historical and forecast financial information described below and disclosed in the Prospectus.

2.1. Historical Financial Information

Statutory Historical Financial Information, comprises the following:

- historical consolidated statements of profit or loss and other comprehensive income for the financial years ended 30 June 2018 (FY18), 30 June 2019 (FY19), 30 June 2020 (FY20), and for the half year ended 31 December 2019 (1H FY20) (**Statutory Historical Income Statements**);
- historical consolidated statements of cash flows for FY18, FY19, FY20 and 1H FY20 (**Statutory Historical Cash Flow Statements**); and
- historical consolidated statement of financial position as at 30 June 2020 (**Statutory Historical Balance Sheet**); and

Pro forma Historical Financial Information, being the:

- pro forma historical consolidated statements of profit or loss and other comprehensive income for FY18, FY19, FY20, the calendar year ended 31 December 2019 (CY19) and 1H FY20 (**Pro forma Historical Income Statements**);
- pro forma historical consolidated statements of cash flows for FY18, FY19, FY20, CY19 and 1H FY20 (**Pro forma Historical Cash Flow Cash Flow Statements**); and
- pro forma historical consolidated statement of financial position as at 30 June 2020 (**Pro forma Historical Balance Sheet**).

Together, the Statutory Historical Financial Information and the Pro forma Historical Financial Information are the **Historical Financial Information**.

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f +61 2 4962 3245

PKF Corporate Finance (NSW) Pty Limited is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit www.pkf.com.au



The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial report prepared in accordance with the Corporations Act 2001.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the Pro-Forma Adjustments relate, as described in Sections 4.3.3, 4.4.2 and 4.5.1 of the Prospectus. Due to its nature, the Pro-Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro-Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the Offer and associated transactions on the Company's financial position as at 30 June 2020 and the Company's, financial performance and cash flows for FY18, FY19, FY20 and for 1H FY20.

The financial statements of the Company for FY18, FY19, FY20 were audited by PKF(NS) Audit & Assurance Limited Partnership in accordance with International Auditing Standards. The audit opinions issued to shareholders of each of the companies relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation.

2.2. Forecast Financial Information and directors' best estimate assumptions

You have requested PKFCF to perform limited assurance procedures in relation to the:

Statutory Forecast Financial Information, being the:

- statutory forecast consolidated statement of profit or loss and other comprehensive income for the half year ending 31 December 2020 (1H FY21F) and the calendar year ending 31 December 2020 (CY20F) (**Statutory Forecast Income Statement**); and
- statutory forecast consolidated statements of cash flows for 1H FY21F and CY20F (**Statutory Forecast Cash Flow Statement**); and

Pro forma Forecast Financial Information, being the:

- pro forma forecast consolidated statements of profit or loss and other comprehensive income for 1H FY21F and CY20F (**Pro forma Forecast Income Statements**); and
- pro forma forecast consolidated statements of cash flows for 1H FY21F and CY20F (**Pro forma Forecast Cash Flows**).

of the Company (the responsible party) as described in Sections 4.3 and 4.4 of the Prospectus (the "**Forecast Financial Information**"). The directors' best-estimate assumptions underlying the Forecast Financial Information are described in Section 4.6 of the Prospectus. The pro forma Forecast Financial Information has been derived from the Company's statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments as described in Sections 4.3.3, 4.4.2 and 4.5.1 of the Prospectus. As stated in Section 4.2.2 of the Prospectus, the basis of preparation of the statutory Forecast Historical Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's accounting policies.

As stated in Section 4.2.3 of the Prospectus, the basis of preparation of the Pro Forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the event(s) or transaction(s) to which the pro forma adjustments relate, as if those event(s) or transaction(s) had occurred as at 1 July 2020. We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in Sections 4.3 and 4.4 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state



whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
 - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
 - presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards and the Company's accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted primarily of:

- comparison and analytical review procedures;
- discussions with management and directors of the Company of the factors considered in determining their assumptions; and
- examination, on a test basis, of evidence supporting:
 - the assumptions and amounts in the Forecast Financial Information; and
 - the application of accounting policies used in the Forecast Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

3. Directors' Responsibilities

The directors of the Company are responsible for the preparation of:

- the Pro-Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the Statutory Historical Financial Information;
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibilities

Our responsibility is to express a limited assurance conclusion on the Financial Information, based on the review procedures performed and the evidence obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and / or Prospective Financial Information*.

Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures to the accounting records in support of the Financial Information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Financial



Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

5. Conclusions

5.1. Review statement on the Pro-Forma Historical Financial Information

Based on our independent review, which is not an audit, nothing has come to our attention that causes us to believe that the Financial Information, as set out in Section 4 of the Prospectus, comprising:

- the pro-forma historical consolidated statements of profit or loss and other comprehensive income of CleanSpace Holdings Limited for the three years ended 30 June 2020, the calendar year ended 31 December 2019 and for the half year ended 31 December 2019;
- the pro-forma historical consolidated statements of cash flows of CleanSpace Holdings Limited for the three years ended 30 June 2020, the calendar year ended 31 December 2019 and for the half year ended 31 December 2019;
- the pro-forma historical consolidated statement of financial position of CleanSpace Holdings Limited as at 30 June 2020

is not prepared or presented fairly, in all material respects, in accordance with the stated basis of preparation, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and the Company's accounting policies.

5.2. Forecast Financial Information and the Directors' Best-Estimate Assumptions

Based on our procedures, which are not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
 - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4.6 of the Prospectus; and
 - is not presented fairly in accordance with the recognition and measurement principles contained in Australian Accounting Standards, and the Company's accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the Company's management and adopted and disclosed by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the half-year ending 31 December 2020.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based, however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have



regard to the investment risks in Section 5 of the Prospectus. The sensitivity analysis described in Section 4.8 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. General Advice Warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

7. Independence

PKFCF does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. PKFCF will receive a professional fee for the preparation of this Independent Limited Assurance Report.

8. Restriction on Use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Information to which it relates, for any purpose other than that for which it was prepared.

9. Consent

PKFCF has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, PKFCF makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

PKF Corporate Finance (NSW) Pty Limited

Andrew Jones
Director

Vikas Nahar
Director

PART TWO – FINANCIAL SERVICES GUIDE

28 September 2020

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided in the form of an investigating accountant's report by PKF Corporate Finance (NSW) Pty Limited (ABN 65 097 893 957) ("PKFCF"). The use of "we", "us" or "our" is a reference to PKFCF as the holder of Australian Financial Services Licence ("AFSL") No. 295872.

The contents of this FSG include:

- who we are and how we can be contacted;
- what services we are authorised to provide under our AFSL;
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide;
- details of any potential conflicts of interest; and
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

Provide financial product advice for the following classes of financial products:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services; and
- deposit and payment products limited to;
 - basic deposit products;
 - deposit products other than basic deposit products; and
 - debentures, stocks or bonds issued or proposed to be issued by a government.

Our responsibility to you

We have been engaged by the Directors of CleanSpace Holdings Limited and CleanSpace SaleCo Limited ("Client") to prepare an independent limited assurance report providing a review opinion (negative assurance) with respect to the financial information set out in Section 4 of the Prospectus to be issued by the Client on or around 29 September 2020. You are not the party or parties who engaged us to prepare the Report. We are not acting for any person other than the party or parties who engaged us. We are required by law to give you an FSG because the Report is being provided to you.

The liability of PKFCF is limited to the contents of this FSG and the Report referred to in this FSG.

Information about the general financial product advice we provide

The financial product advice provided in the Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in the Report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

PKF Corporate Finance (NSW) Pty Limited
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AFSL 295 872

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PKF Corporate Finance (NSW) Pty Limited is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

For our office locations visit www.pkf.com.au

Associations and relationships

PKFCF provides services primarily in the area of corporate finance and is controlled by the Directors of PKF (NS) Holdings Pty Ltd ("**PKF**"). PKF and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services. Our directors may be directors of PKF. The financial product advice in the Report is provided by PKFCF and not by PKF.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and PKF (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

How are we and our employees remunerated?

We charge fees for providing Reports. Fees are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us. Our fees are usually determined on an hourly basis. However, they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services. The estimated fee for the Report is approximately \$82,500 (exclusive of GST and out-of-pocket expenses).

Neither PKFCF, nor its directors and officers, receive any commissions or other benefits arising directly from providing Reports to you. The remuneration paid to our directors and staff reflects their individual contribution to the company and covers all aspects of performance. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding the Report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

AFS Compliance Manager
PKF Corporate Finance (NSW) Pty Limited
GPO Box 5446
SYDNEY NSW 2001
Telephone: +61 2 8346 6000 Fax: +61 2 8346 6099

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service ("**FOS**"). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: (03) 9613 7366 Fax: (03) 9613 6399
Internet: <http://www.fos.org.au>

The Australian Securities and Investments Commission ("**ASIC**") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: infoline@asic.gov.au
Internet: <http://www.asic.gov.au/asic/asic.nsf>

Contact details

You may contact us using the details located below.

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SECTION NINE

Intellectual Property Report



9 Intellectual Property Report



9 September 2020

The Directors

CleanSpace Holdings Limited
- and -
CleanSpace SaleCo Limited

Attorney: Nicholas Salmon
Assistant: Katie Radzieta

IPS Ref: G32704WW00

Ground Floor
16-18 Carlotta Street
Artarmon NSW 2064

Dear Sirs

Re: CleanSpace IP Pty Ltd – **Intellectual Property Portfolio Report**

This report has been prepared by IP Solved (ANZ) Pty Ltd ("**IP Solved**") for CleanSpace Holdings Limited for the purpose of inclusion in a prospectus relating to an Initial Public Offering ("**IPO**") of shares in CleanSpace Holdings Limited ("**Prospectus**"). This report is current as of 9 September 2020.

A) SUMMARY

This report includes information regarding the intellectual property portfolio in the name of CleanSpace IP Pty Ltd ("**The Company**"), which is a subsidiary of CleanSpace Holdings Limited.

The term "intellectual property" refers to a group of registrable and non-registrable rights, including rights in patents, designs, trade marks, plant varieties, copyright, confidential information and trade secrets. Intellectual property has many of the characteristics possessed by real and personal property. In particular, intellectual property is an asset, which may be bought, sold, licensed, exchanged, or otherwise transferred as other forms of property. Accordingly, an intellectual property owner has the right to prevent the unauthorised use or sale of its property.

This Report is only directed to intellectual property which is in the form of pending patent applications and registered patents, industrial designs, and pending and registered trade marks. This portfolio data is current as of 9 September 2020 and is supplied subject to the limitations set out in this report.

B) PATENT OWNERSHIP

Generally

A patent may only be granted to either the inventor(s) of a particular invention, or to a person or entity with entitlement to the invention. This entitlement may be through assignment, or through means such as contract of employment. A patent grants the assignee, or owner, the exclusive right to exploit the invention that is defined within the patent within a particular country or region. Although there are slight variations in patent law around the world, in general



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- 2 -

CleanSpace IP Pty Ltd

Intellectual Property Portfolio Report

a patent application will only become a granted patent once it has been determined to describe an invention that is *novel* and *inventive*.

The term of a patent, assuming that all maintenance fees are paid, is typically twenty (20) years from the date of filing a complete patent application.

Patents are granted on a per-jurisdiction basis, and as such a patent granted in one jurisdiction does not afford rights in another jurisdiction.

Some jurisdictions are part of a multi-jurisdiction 'region' allowing for centralised prosecution. One in particular is the European Patent Organisation, comprising more than thirty-five member states. The European Patent Organisation is distinct and separate from the European Union, and as such the United Kingdom leaving the European Union will have no effect upon any European patents and/or patent applications in the Company's portfolio.

Patent Portfolio of CleanSpace IP Pty Ltd

The information in this report is current as at 9 September 2020 and is correct to the best of our knowledge. The patent portfolio of the Company comprises six patent families in varying stages of prosecution. The registration details of each member of the six patent families is provided in the **enclosed** Appendix 1. No 'prior art' patentability searches have been formally conducted by IP Solved. IP Solved are similarly unaware of any such searches conducted by any other authorities or parties.

Patent Family 1: A Respirator

This patent family is directed to a breathing apparatus comprising a mask and a neck component, in particular to one adapted to sit comfortably about the neck of the user.

The priority date of the patents in Family 1 is 17 July 2009. The breadth of this patent family comprises patents that are registered and enforceable in Australia, China, Japan, Taiwan, the United States and a number of states of the European Patent Organisation. Provided that all relevant maintenance fees are paid, the term of the patents of Family 1 will expire on 15 July 2030, save for the granted United States patent which will expire on 22 July 2032.

Patent Family 2: Improved Breathing Apparatus

This patent family is directed to innovations developed subsequent to filing of Patent Family 1, particularly to optimised arrangements of the components within the air flow generator unit to provide a lowered profile, improve efficiency and distribute the weight of the mask and generator unit more ergonomically.

The priority date of the patents in Family 2 is 5 December 2011. This patent family comprises registered (and enforceable) patents across Australia, China, Japan and Taiwan, pending applications in the states of the European Patent Organisation and Hong Kong, and an accepted patent application in the United States of America. Provided that all relevant maintenance fees are paid, the term of the patents of Family 2 will expire on 5 December 2032.

Patent Family 3: Filter Assembly for a Breathing Apparatus

This patent family is specifically directed to advances in filter technology, specifically to improvements in monitoring the status of an installed filter. The innovative features of this patent family focus upon means of indicating whether a filter assembly is correctly installed in a clear manner suitable for emergency situations.

The priority date of the patents in Family 3 is 14 January 2015. The breadth of this patent family comprises patents that are registered and enforceable in Australia, China, Japan, the United States and a number of states of the European Patent Organisation. Provided that all relevant maintenance fees are paid, the term of the patents of Family 3 will expire on 14 January 2036.

Patent Family 4: Breathing Apparatus

This patent family is particularly directed to a 'full-face' mask for providing filtered air and focuses upon provision of a specially-formed testing conduit so that a user can quickly and easily assess, particularly in a dangerous or emergency situation, that the mask is being correctly worn and is providing clean air to the user.

The priority date of the patents in Family 4 is 14 January 2015. This patent family is currently pending across Australia and the states of the European Patent Organisation. Provided that all relevant maintenance fees are paid, the term of the patents of Family 4 will expire on 14 January 2036.

Patent Family 5: Portable personal respirator and use thereof

This patent family is directed to a modernised and improved personal respirator, incorporating sensor systems to monitor respirator operation and to gather and transmit relevant data, as well as an interface between the personal respirator and an associated support computer network.

The priority date of Family 5 is 28 September 2017. This patent family is currently pending in Australia, China, the states of the European Patent Organisation, Japan, the Republic of Korea, the Russian Federation and the United States of America. Provided that all relevant maintenance fees are paid, the term of Family 5 will expire on 13 September 2038.

Patent Family 6: Tight fitting respirator with exhalation filter and exhalation filter for tight fitting respirator

This patent family is directed to innovations in design and integration of an exhaust filter to filter the air exhaled by a user. This respirator invention is directed towards instances wherein contamination of the environment by the user is undesirable or dangerous - for example a clean room, or an isolation ward for heavily neuropathic patients.

This patent family is a recently-filed international 'PCT' patent application, and so is considered 'pending' in all 153 contracting states of the Patent Cooperation Treaty. This patent family is due to undergo 'National Phase Entry' on or before 6 August 2021, by

which time the Company must indicate which contracting states they intend to pursue patent rights in.

The priority date of Family 6 is 6 February 2019. Provided that all relevant maintenance fees are paid, the term of any National-Phase patents of Family 6 will expire on 5 February 2040.

C) PATENT PORTFOLIO LIMITATIONS

The conventional procedure is to initially file a 'basic' application in order to establish a 'priority date' for that invention. In order to continue with the procedure, a 'complete' application must then be filed within twelve months of filing the basic application; this complete application must contain the invention, described in its entirety, as well as the most appropriate method of performing the invention that the inventor knows. Separate complete applications must be filed in each country of interest. It is generally not possible to obtain patent rights in any country in which a complete patent application is not filed within this prescribed time. Accordingly, a patent application must be filed in each country of interest in order to obtain patent rights in these countries.

In countries where a complete patent application has been filed but a patent has not yet been granted, the application is referred to as a "pending application", meaning an application that is either currently under examination or is due to be examined in the near future. A pending patent application is the basis for goods to be marked with the term "patent pending".

Patent rights may only be enforced *after* the patent is registered or granted. However, the rights imbued in the owner by a granted patent are considered to have existed from the filing date of the patent application, and so may be enforced against relevant acts taken while the patent was still a pending application, subject to any applicable statutes of limitations.

Each jurisdiction has its own laws and particular requirements that need to be met for the grant and maintenance of a patent. Accordingly, the patentability of an invention varies between jurisdictions. Certain inventions may be granted and registrable in one jurisdiction yet may be excluded from grant and registration in another. Moreover, varying patent laws may result in the scope of patent protection obtained for the same patent to be varied across different jurisdictions. The outcome of examination of the patent application by the office of one jurisdiction is not binding on the office of any other jurisdiction. In addition, there may be changes to patent law in a particular jurisdiction from time to time, which may have an impact on patents in the relevant country.

Please note that prior art documents may come to light in future examination procedures. The filing of a patent application does not provide a guarantee of receiving a granted and valid patent. Neither can it be guaranteed that any eventually granted patent will be of scope identical to that which was originally filed; many patents will go through a refinement process wherein elements are removed during examination, so that only novel concepts are subject to patent rights. Further, complete patent applications are not normally published until at least 18 months from the earliest priority date. Any conducted search will therefore not ordinarily identify any patent application that may be relevant to the assessment of patentability that possesses a priority date less than 18 months prior to the date of the patentability search.

Delays between official publication and the incorporation of information into the relevant database can also occur, which means that some documents may not be located in a patentability search.

In addition, please note that a granted patent is not a guarantee that a product embodying the invention does not infringe another intellectual property right. A granted patent is an *exclusive* right, in that it excludes others from exploiting a patented invention. It does not provide any form of protection to a product embodying a patented invention. IP Solved have not conducted any searches to determine whether or not the inventions of the patents within the CleanSpace portfolio may infringe other intellectual property rights, either granted or pending.

D) INDUSTRIAL DESIGNS

Generally

An industrial design registration may only be granted to either the designers(s) of a particular article, or to a person or entity with entitlement to the article's design. This entitlement may be through assignment, or through means such as contract of employment. A design registration grants the assignee, or owner, the exclusive right to exploit the design within a particular country or region. Although there are slight variations in design law around the world, in general a design application will only become an enforceable design if it is demonstrably new with regards to its visual features. Some jurisdictions also require that the new design demonstrate distinctiveness in its new features over the prior art base.

Industrial Designs are known as 'design patents' in both China and the United States, 'Registered Community Designs' in the European Union and as 'registered designs' in Australia. Other countries may observe different terminology as well. However, the principles are essentially similar between jurisdictions. Unless explicitly noted otherwise, the term 'industrial design' should therefore be understood to be a *general* term, and unless specifically noted, the described principles of an 'industrial design' should be considered to apply *in principle* to any design protection systems having jurisdiction-specific nomenclature.

The lifespan and renewal cycle of an industrial design differs substantially between jurisdictions. In Australia, for example, design registration lasts for a maximum of ten years and is renewed once at five years of age. In the United States, registration extends for fifteen years and does not require renewal, while in the European Union a Registered Community Design lasts for twenty-five years with renewals occurring every five years.

Industrial designs are granted on a per-jurisdiction basis, and as such an industrial design granted in one jurisdiction does not afford rights in another jurisdiction. Some jurisdictions are part of a multi-jurisdiction 'region' allowing for centralised prosecution. The European Union, for example, operates as a single region.

The departure of the United Kingdom from the European Union will have no effect on the protection of any already-registered designs. All European Registered Community Designs that are registered and fully published as at 31 December 2020 will be duplicated onto the UK designs register as equivalent national UK registered designs at no cost to the owner. However, the duplicated UK registered designs will then exist separately, and will require separate renewal thereof.

Design Portfolio of CleanSpace IP Pty Ltd

The information in this report is current as at 9 September 2020 and is correct to the best of our knowledge. The design portfolio of the Company comprises four families in varying stages of prosecution. The registration details of each member of the four families is provided in the **enclosed** Appendix 2. No 'prior art' searches have been formally conducted by IP Solved. IP Solved are similarly unaware of any such searches conducted by any other authorities or parties.

Industrial Design Family 1: Respirator

This industrial design is directed to a half-face respirator.

The design claims a priority date of 17 September 2010, and is registered in Australia until 17 September 2020.

Industrial Design Family 2: Breathing Apparatus

This industrial design is directed to a full-face breathing apparatus and to the constituent elements thereof.

The industrial designs of Design Family 2 claim a convention priority date of 14 January 2015. The design family is registered in China, the European Union and Japan. Provided that any relevant maintenance fees are paid, the term of the designs of Family 2 will expire on 14 July 2025 in China, 14 January 2040 in the European Union, and 25 December 2035 in Japan.

Industrial Design Family 3: Protective Garment

This industrial design is directed to a set of protective coveralls, with specific emphasis on special hose sleeves encircling the hood.

This industrial design claims a convention priority date of 22 September 2015. The design is registered in the European Union, for which the term will expire on 22 September 2040 provided that any relevant maintenance fees are paid.

Industrial Design Family 4: Portable Respirator

This industrial design is directed to a modernised personal respirator, with particular emphasis placed upon the design of the neck-mounted generator unit and case.

The industrial designs of Design Family 4 claim a convention priority date of 28 September 2017. The design is registered in Australia, China, the European Union, the Republic of Korea, Japan, the Russian Federation and the United States of America. Provided that any relevant maintenance fees are paid, the term of the designs of Family 4 will expire on 28 March 2028 in Australia and China, 27 March 2043 in the European Union, 10 December 2038 in Japan, 28 March 2038 in the Republic of Korea, 28 March 2043 in the Russian Federation and 14 January 2035 in the United States of America.

E) INDUSTRIAL DESIGN PORTFOLIO LIMITATIONS

The conventional procedure is to initially file a 'priority founding' industrial design application in one jurisdiction. This initial application additionally establishes a 'priority date' for that design. In order to extend protection for the industrial design into other countries, one or more 'convention' applications must then be filed in each of the other countries within six months of filing the initial industrial design application. Separate convention design applications must be filed in each country of interest. It is generally not possible to obtain industrial design rights in any country in which a convention application is not filed within this prescribed time. Accordingly, a convention design application must be filed in each country of interest in order to obtain protection in these countries.

The rights provided by an industrial design may generally only be enforced *after* the design is successfully registered. However, the rights imbued by a registered design are considered to have existed from the filing date of the design application, and so may be enforced against relevant acts taken while the design was still a pending application, subject to any applicable statutes of limitations.

Please note that some jurisdictions provide for registration of a design application following a formalities examination *only*, and do not examine the substance of the design prior to registration. The registered industrial design right may be required to go through a further substantive examination process within the jurisdiction before it may be enforced against a third party. For example, in order for a design to be enforceable in Australia, the registered design must first be examined and *certified*. The validity of a registered industrial design may also be challenged at a later date.

Each jurisdiction has its own laws and particular requirements that need to be met for the registration/grant and maintenance of an industrial design right. Accordingly, the registrability of an industrial design varies between jurisdictions. Certain designs may be granted and registrable in one jurisdiction yet may be excluded from grant and registration in another. Moreover, varying laws may result in the scope of protection obtained for the same design to be varied across different jurisdictions. The outcome of examination of the design application by the office of one jurisdiction is not binding on the office of any other jurisdiction. In addition, there may be changes to design law in a particular jurisdiction from time to time, which may have an impact on industrial designs in the relevant country.

Neither can it be guaranteed that any eventually granted industrial design will be of scope identical to that which was originally filed; some industrial designs will go through a refinement process wherein elements are removed during examination, so that only novel concepts are subject to industrial design rights. Further, industrial designs are not normally published until they are registered. Therefore any conducted search will not ordinarily identify any pending design applications that may be relevant to an assessment of registrability. Delays between official publication and the incorporation of information into the relevant database can also occur, which means that some documents may not be located in a registrability search.

In addition, please note that a granted design right is not a guarantee that a product embodying the invention does not infringe another intellectual property right. A granted design right is an *exclusive* right, in that it excludes others from exploiting a protected design. It does not provide

any form of protection to a product embodying a registered industrial design. IP Solved have not conducted any searches to determine whether or not the products of the industrial designs within the CleanSpace portfolio may infringe other intellectual property rights, either granted or pending.

F) TRADE MARK OWNERSHIP

Generally

A registered trade mark may only be legally utilised as a trade mark within the jurisdiction that it is registered in, by the legal owner of the given trade mark or by a licensed user. The registration of a trade mark grants exclusive use of the trade mark to the owner and/or any licensees for the goods or services that the trade mark is registered in relation to.

A registered trade mark provides the owner with the exclusive right to use said mark, in connection with the goods and services of selected classes, within the jurisdiction wherein the mark is applied for. The trade marks serve as protection for the relevant brand, reassuring any future customers that goods and services bearing one or more of the registered trade marks originate from the company that owns the trade mark or otherwise has permission to use it. A trade mark is valid and renewable indefinitely. The renewal cycle may differ between jurisdictions; in Australia or China, for example, the renewal cycle is ten years.

The departure of the United Kingdom from the European Union will have no effect on the protection of any already-registered trade marks. All European trade marks that are registered and fully published as at 31 December 2020 will be duplicated onto the UK trade marks register as equivalent national UK trade marks at no cost to the owner. However, the duplicated UK trade marks will then exist separately, and will require separate renewal thereof.

Trade Mark Portfolio of CleanSpace IP Pty Ltd

The information in this report is current as at 9 September 2020 and is correct to the best of our knowledge. The trade mark portfolio covers six trade marks, listed below:

- **CleanSpace (Single Class)**
- **CleanSpace (Multiple classes)**
- **AirSensit**
- **PAFtec**
- **PAFtec Airstreamer**
- **PAFtec CleanSpace**

All six word-type trade marks are active on the Australian register and are either pending or registered in multiple jurisdictions internationally. The full scope of each trade mark is provided in the **enclosed** Appendix 3.

IP Solved is not aware of any third parties that may have interests in any of the marks within the Company's portfolio, or whose rights may be infringed by use of said marks. Please note that every jurisdiction is independent of each other and each is free to apply their own laws and requirements to the registration of trade marks. We therefore offer no guarantee that the Company's trade mark portfolio will be successfully registered in all countries that registration

is applied for in. We further note that the differing laws between jurisdictions may result in the scope of the protection given by the registration may be altered.

Dispute Regarding 'CleanSpace'

The 'CleanSpace' trade mark, in respect of goods in class 9, was registered in Australia in 2012. Based on this Australian registration, International registration 1139618 in class 9 was secured in 2012 and protection was extended to the USA, Japan and the EU (28 countries including the UK) in respect of goods in class 9. A dispute ultimately arose with a UK-based company, who sought to register 'cleanspace' in respect of nine classes in multiple jurisdictions. The dispute between the parties is currently limited to administrative challenges in both the EU and the USA.

In Europe, CleanSpace have opposed the UK company's European application (upon which the international registration is based). That opposition is on appeal before the EUIPO after an initial decision which was deemed to be contrary to existing European legal precedent. A decision in this matter is imminent but, at the suggestion of the EUIPO, CleanSpace is exploring possible suspension of that decision pending a commercial negotiation with the British company with a view to acquiring its global portfolio for the trade mark in question.

The situation in the USA is suspended pending the outcome of the major dispute in the EU.

G) TRADE MARK PORTFOLIO LIMITATIONS

Registration of a later mark is prevented by a prior substantially identical or deceptively similar earlier mark covering the same or similar goods or services, and infringement occurs when a substantially identical or deceptively similar mark is used on the goods or services covered by a registration, on similar goods or services or on closely related goods or services. There is however a defence to this "similar goods and services infringement" where the use made of the mark is not likely to deceive or cause confusion. This is a question of fact.

The rights associated with a registered trade mark may generally only be enforced *after* the trade mark is successfully registered. However, the rights imbued by a registered trade mark are considered to have existed from the filing date of the trade mark application, and so may be enforced against relevant acts taken while the trade mark was still a pending application, subject to any applicable statutes of limitations.

Any searches that are conducted are subject to the accuracy of government records and to classification irregularities which make it impossible to ensure that every conceivably relevant item is examined. This is especially the case with marks other than words that may be indexed in a way which makes their access unlikely. Recently filed applications (i.e. applications filed within the last month) are not usually fully indexed and available for searching. Searches typically consider only existing registrations and pending applications for registration appearing on a country's Trade Marks Office database and therefore cannot take account of common law rights which may have been acquired in relation to marks used without the benefit of registration. Ownership of a trade mark is generally established by first use or application. Therefore, if the subject mark is already in use, the prior user is likely to have better rights in the mark. In addition, a conducted search cannot take into account "Convention" trade mark applications based on an application filed overseas less than six months previously, claiming

an earlier priority date. These marks will not have been published at the time of searching and so may not be located.

While every effort is made to consider whether a mark has a geographical, surname or foreign language meaning that may affect its availability for use and registration, we cannot know the meaning of all marks. Even if we believe a mark available for use and registration, that does not mean the mark will proceed directly to registration. The process of examination by the Trade Marks Office may raise objections to registration and third parties may object to your use of or registration of the mark.

H) INTELLECTUAL PROPERTY LICENSE AGREEMENTS

CleanSpace IP Pty Ltd serves as the IP holding company for the CleanSpace group. As a facet of this, the company is subject to various intellectual property assignments and licensing arrangements.

Intra-Group Assignment and Licensing

CleanSpace Technology Pty Ltd and CleanSpace IP Pty Ltd are subject to an enduring assignment agreement and a licensing arrangement. Both the assignment and the return licence agreement cover patents and pending applications, registered and unregistered designs, trade marks and business names, confidential information such as trade secrets and technical know-how, and copyright material.

Both the enduring assignment and the licensing arrangement were effected prior to the respective parties changing their names. At the time of the agreements, CleanSpace Technology was still known as "Paftec Australia", while CleanSpace IP was still known as "Paftec Technologies". However, as the entities involved in each agreement are identical with only the company *names* having changed, the agreements are considered to remain valid under all applicable laws.

As the primary operating company within the CleanSpace group, new intellectual property is on occasion created by CleanSpace Technology Pty Ltd. Any and all intellectual property created by CleanSpace Technology Pty Ltd is automatically assigned to CleanSpace IP Pty Ltd. The assignment is intended to cover all past and future intellectual property created by CleanSpace Technology Pty Ltd wherein, without the existence of said assignment, CleanSpace Technology Pty Ltd would otherwise have a valid claim of ownership under the laws of New South Wales to the created intellectual property. The assignment also assigns the *right to apply* for patents, designs and/or trade marks to CleanSpace IP Pty Ltd.

As the holding company, CleanSpace IP Pty Ltd has licensed all of the owned intellectual property back to CleanSpace Technology Pty Ltd. The license is global and in effect until 15 March 2025, at which point it must be renewed. The license includes the right to commence infringement proceedings and to issue limited 'sub-licenses' to a third party, but does not include a licensing of the right to apply for new intellectual property registrations.

Inter-Company Licenses and Arrangements

CleanSpace is also the Licensor of two trade marks to DuPont Safety & Construction, Inc., who manufactures particular components on behalf of CleanSpace. The license covers the word mark 'CleanSpace' as well as the CleanSpace graphical logo for use on the CleanSpace Head Cover "Bio Halo", and extends until 9 May 2023 at which point it must be renewed or otherwise expires. The license is enacted under the laws of the State of Delaware in the United States of America.

I) DISCLOSURE OF INTERESTS

IP Solved has prepared this report as a lawfully-engaged firm acting on behalf of CleanSpace Technology Pty Ltd and has been duly remunerated with a standard fee for preparation of the report. No employee of IP Solved involved in the preparation of this report, or in the management of the intellectual property portfolio of CleanSpace Holdings Limited, has any form of vested interest, entitlement or other rights in CleanSpace Holdings Limited.

Consent for the inclusion of this report in the Prospectus in the form in which it now appears has been granted by IP Solved and has not been revoked as at the date of the Prospectus.

Yours faithfully
IP Solved (ANZ) Pty Ltd



Nicholas Salmon

Encl: Appendix 1: Patent Portfolio
Appendix 2: Designs Portfolio
Appendix 3: Trade Mark Portfolio

APPENDIX 1: PATENT PORTFOLIO

List of Terms and Abbreviations

Accepted:	Patent application has passed examination and is awaiting registration
Application Date:	Filing date of the complete application ¹
App. Number:	Short for Application Number, and is a unique identifier applied to each patent application
EPO:	Stands for European Patent Organisation ²
NPE:	Stands for National Phase Entry ³
PCT:	Patent Cooperation Treaty ⁴
Pending:	Patent application is unexamined or is in the process of being examined
Reg. Number:	Short for Registration Number, and is a unique identifier applied upon registration ⁵
Priority Date:	Filing date for a basic/provisional application
Registered:	Patent application has been examined, approved and sealed, and is now enforceable
Validation:	Post-registration process wherein an EPO patent is listed upon the national patent register of specific member states ⁶

1 Complete applications include standard applications, convention applications and international 'PCT' applications. Complete applications must be filed within twelve months of the priority date.

2 Group of European member states that is unrelated to the European Union. A full list of countries in the EPO may be found here: <https://www.epo.org/about-us/foundation/member-states.html>

3 The deadline to request National Phase Entry is 30 months from the priority date for some countries (e.g. USA, China and Japan) and 31 months for others (e.g. Australia, EPO).

4 *Patent Cooperation Treaty (PCT)*, opened for signature 19 June 1970 (Entered into force 24 January 1978).

5 Some jurisdictions, including Australia and New Zealand, use the same unique identifier for both patent applications and registered patents.

6 EPO patents can only be enforced within the member states that the patent is validated in.

FAMILY 1 – A RESPIRATOR

Application Date: 15 July 2010
PCT App. Number: PCT/AU2010/000902
Priority Date: 17 July 2009
Priority Country: Australia
Priority Number: 2009903362
Owner: CleanSpace IP Pty Ltd
Inventor: Alexander Virr, Dan Kao, Xiaoyi Fu, John Michael Snow, Junning Chen

<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
Australia	2010273182	Registered
China	ZL 201080041291.9	Registered
EPO	EP2453989	Registered and validated in: Austria, Belgium, Finland, France, Germany, Italy, Netherlands, Poland, Spain, Sweden, Switzerland, United Kingdom,
Japan	5848702	Registered
Taiwan	I 496598	Registered
USA	9248248	Registered

FAMILY 2 - IMPROVED BREATHING APPARATUS

Application Date: 5 December 2012
PCT App. Number: PCT/AU2012/001477
Priority Date: 5 December 2011
Priority Country: Australia
Priority Number: 2011905052
Owner: CleanSpace IP Pty Ltd
Inventor: Alexander Virr, Dan Kao, Xiaoyi Fu, John Michael Snow, Damian Charles Johnson

<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
Australia	2012350140	Registered
China	ZL 2012800690824	Registered
EPO	16197865.5	Pending
Hong Kong	17110758.2	Pending
Japan	6388311	Registered
Taiwan	I 632934	Registered
USA	14/363,100	Accepted

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CleanSpace IP Pty Ltd

Appendix 1: Patent Portfolio

FAMILY 3 - FILTER ASSEMBLY FOR A BREATHING APPARATUS

Application Date: 14 January 2016
PCT App. Number: PCT/AU2016/050014
Priority Date: 14 January 2015
Priority Country: Australia
Priority Number: 2015900095
Owner: CleanSpace IP Pty Ltd
Inventor: Alexander Virr, Dan Kao, Xiaoyi Fu, John Michael Snow, Damian Charles Johnson

<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
Australia	2016206435	Registered
China	ZL 2016 8 0010127.9	Registered
EPO	EP3244972	Registered and validated in: Austria, Belgium, Finland, France, Germany, Italy, Netherlands, Poland, Sweden, Switzerland, United Kingdom
Japan	6377861	Registered
USA	10,188,880	Registered

FAMILY 4 - BREATHING APPARATUS

Application Date: 14 January 2016
PCT App. Number: PCT/AU2016/050015
Priority Date: 14 January 2015
Priority Country: Australia
Priority Number: 2015900096
Owner: CleanSpace IP Pty Ltd
Inventor: Alexander Virr, Dan Kao, Xiaoyi Fu, John Michael Snow, Damian Charles Johnson

<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
Australia	2016206436	Pending
EPO	EP16736993	Pending

FAMILY 5 - PORTABLE PERSONAL RESPIRATOR AND USE THEREOF

Application Date: 13 September 2018
PCT App. Number: PCT/AU2018/050991
Priority Date: 28 September 2017
Priority Country: United States of America
Priority Number: 62/564,313
Owner: CleanSpace IP Pty Ltd
Inventor: Alexander Virr, Dan Kao, Millen Rath-May, John Michael Snow, Damian Charles Johnson, Chatyut Orapinpatipat

<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
Australia	2018340666	Pending
China	201880063805.7	Pending
EPO	18863195.6	Pending
Japan	2020-518472	Pending
Republic of Korea	2020-7009012	Pending
Russian Federation	2020114788	Pending
USA	16/651,420	Pending

FAMILY 6 - TIGHT FITTING RESPIRATOR WITH EXHALATION FILTER AND EXHALATION FILTER FOR TIGHT FITTING RESPIRATOR

Application Date: 5 February 2020
PCT App. Number: PCT/AU2020/050082
Priority Date: 6 February 2019
Priority Country: United States of America
Priority Number: 62/802,106
Owner: CleanSpace IP Pty Ltd
Inventor: Alexander Virr, John Michael Snow, Damian Charles Johnson, Jonah Beard, Alexandra Birrell

NPE Deadlines: 6 August 2021 (30 Month deadline)
 6 September 2021 (31 Month deadline)

<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
PCT	PCT/AU2020/050082	Pending – Awaiting National Phase Entry

- END OF APPENDIX 1 -

APPENDIX 2: DESIGN PORTFOLIO

List of Terms and Abbreviations

Application Date:	Filing date of the priority-founding design application
App. Number:	Short for Application Number, and is a unique identifier applied to each design application
Convention Deadline:	Deadline to file design applications in other countries based on an initial 'priority-founding' application
EUIPO:	Refers to the European Union Intellectual Property Office, responsible for management of community designs and trade marks throughout the European Union ⁷
Pending:	Design application is unexamined or is in the process of being examined
Reg. Number:	Short for Registration Number, and is a unique identifier applied upon registration ⁸
Registered:	Design application has been entered upon the national register and published ⁹

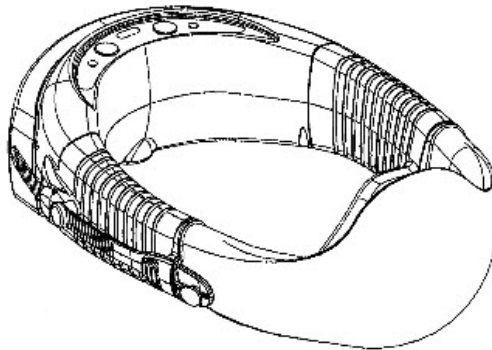
⁷ The departure of the United Kingdom from the European Union will have no *practical* effect on already-registered European designs as they will be duplicated onto the UK Register at no charge, but future designs will need to be filed separately in the United Kingdom in order to seek rights.

⁸ Some jurisdictions, including Australia and New Zealand, use the same unique identifier for both patent applications and registered patents.

⁹ Some jurisdictions, including Australia, allow a design application to progress to registration without substantive examination, requiring an additional 'certification' step before the design is enforceable.

INDUSTRIAL DESIGN 1: RESPIRATOR

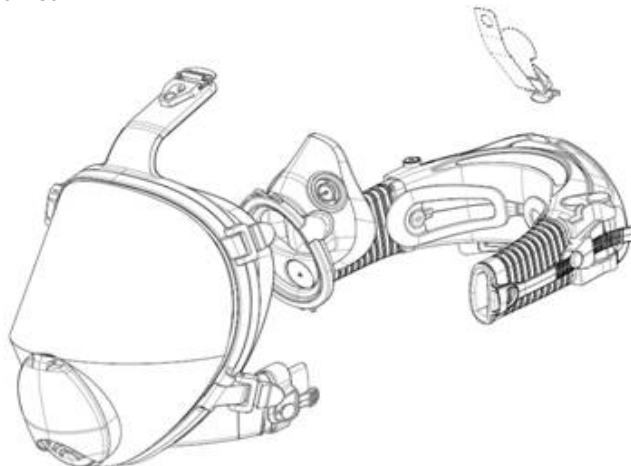
Application Date: 17 September 2010
Priority Country: Australia
Priority Number: 201014037
Owner: CleanSpace IP Pty Ltd
Designer: Alexander Virr, Xiaoyi Fu, John Michael Snow, Dan Kao
Representation:



<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
Australia	201014037	Registered/Granted

INDUSTRIAL DESIGN 2: BREATHING APPARATUS

Application Date: 14 January 2015
Priority Country: European Union
Priority Number: 002613109-0001
Owner: CleanSpace IP Pty Ltd
Designer: Alexander Virr, Xiaoyi Fu, John Michael Snow, Dan Kao, Damian Charles Johnson
Representation:



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CleanSpace IP Pty Ltd

Appendix 2: Design Portfolio

Industrial Design 2 Cont.

Jurisdiction	App./Reg. Number	Status
China	201530252465.1	Registered/Granted
European Union	002613109-0001	Registered/Granted
	002613109-0002	Registered/Granted
	002613109-0003	Registered/Granted
	002613109-0004	Registered/Granted
	002613109-0005	Registered/Granted
	002613109-0006	Registered/Granted
Japan	2015-015652	Registered/Granted
	2015-015653	Registered/Granted
	2015-015654	Registered/Granted

INDUSTRIAL DESIGN 3: PROTECTIVE GARMENT

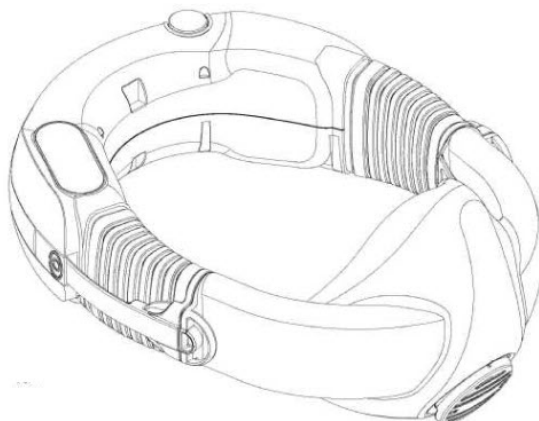
Application Date: 22 September 2015
Priority Country: European Union
Priority Number: 002777003-0001
Owner: CleanSpace IP Pty Ltd
Designer: John Michael Snow
Representation:



Jurisdiction	App./Reg. Number	Status
European Union	002777003-0001	Registered/Granted

INDUSTRIAL DESIGN 4: PORTABLE RESPIRATOR

Application Date: 28 September 2017
Priority Country: United States of America
Priority Number: 29/619,272
Owner: CleanSpace IP Pty Ltd
Designer: Alexander Virr, Dan Kao, Millen Rath-May, John Michael Snow, Damian Charles Johnson, Chatyut Orapinpatipat
Representation:



<i>Jurisdiction</i>	<i>App./Reg. Number</i>	<i>Status</i>
Australia	201811856	Registered/Granted
	201811857	Registered/Granted
China	201830119063.8	Registered/Granted
European Union	005134145-0001	Registered/Granted
	005134145-0002	Registered/Granted
Japan	1623880 S	Registered/Granted
	1619865 S	Registered/Granted
	1619866 S	Registered/Granted
Republic of Korea	30-1002288	Registered/Granted
	30-1001555	Registered/Granted
	30-1001558	Registered/Granted
Russian Federation	113712	Registered/Granted
	113882	Registered/Granted
	113885	Registered/Granted
USA	D872,854 S1	Registered/Granted

- END OF APPENDIX 2 -

APPENDIX 3: TRADE MARK PORTFOLIO

List of Terms and Abbreviations

Class:	Category of goods and services for which the mark is registered for use
App. Number:	Short for Application Number, and is a unique identifier applied to each trade mark application
EUIPO:	Refers to the European Union Intellectual Property Office, responsible for management of community designs and trade marks throughout the European Union ¹⁰
Madrid Protocol:	Refers to a treaty providing a system for international registration of a trade mark ¹¹
OAPI:	The African Intellectual Property Organization, a region formed by a number of African member states ¹²
Pending:	Trade mark application is unexamined or is in the process of being examined
Reg. Number:	Short for Registration Number, and is a unique identifier applied upon registration ¹³
Registered:	Trade mark application has been examined, and approved, and is now enforceable

10 The departure of the United Kingdom from the European Union will have no *practical* effect on already-registered European designs as they will be duplicated onto the UK Register at no charge, but future designs will need to be filed separately in the United Kingdom in order to seek rights.

11 *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks*, Concluded in 1989 (Came into force 1 April 1996)

12 OAPI stands for "Organisation Africaine de la Propriété Intellectuelle". A full list of countries in OAPI may be found here: https://www.wipo.int/export/sites/www/patent_register_portal/en/docs/oapi.pdf

13 Many jurisdictions, including Australia and New Zealand, use the same unique identifier for both patent applications and registered patents.

TRADE MARK 1 - AIRSENSIT**Type:** Word mark

<i>Jurisdiction</i>	<i>Class</i>	<i>App/Reg No.</i>	<i>Owner</i>	<i>Status</i>	<i>Reg. Date</i>
Australia	9 & 10	1484318	CleanSpace IP Pty Ltd	Registered	5 Nov. 2012
China	9	11728517	CleanSpace IP Pty Ltd	Registered	21 Mar. 2015
	10	11728518	CleanSpace IP Pty Ltd	Registered	14 Apr. 2014
Japan	9 & 10	1141563	CleanSpace IP Pty Ltd ¹⁴	Registered	4 Oct. 2012
Madrid Protocol	9 & 10	1141563	CleanSpace IP Pty Ltd	Registered	4 Oct. 2012
Taiwan	9 & 10	01628993	CleanSpace IP Pty Ltd ¹²	Registered	16 Feb. 2014
USA	9 & 10	79/151193	CleanSpace IP Pty Ltd	Registered	17 Nov. 2015

TRADE MARK 2 - CLEANSPACE**Type:** Word mark

<i>Jurisdiction</i>	<i>Class</i>	<i>App/Reg No.</i>	<i>Owner</i>	<i>Status</i>	<i>Reg. Date</i>
Argentina	9	2.863.756	CleanSpace IP Pty Ltd ¹²	Registered	12 Jan. 2017
	10	2.863.757	CleanSpace IP Pty Ltd ¹²	Registered	12 Jan. 2017
Australia	9	1484317	CleanSpace IP Pty Ltd	Registered	5 Nov. 2012
	9, 10, 11, 28, 35, 36, 37, 38, 41, 42, 44	1704678	CleanSpace IP Pty Ltd	Registered	14 Apr. 2016
Brazil	10	910467625	CleanSpace IP Pty Ltd ¹²	Registered	20 Feb. 2018
Canada	10	TBA	CleanSpace IP Pty Ltd	Pending	-
	9	TBA	CleanSpace IP Pty Ltd	Pending	-
Chile	9 & 10	1356204	CleanSpace IP Pty Ltd	Pending	-
China	9 & 10	1295638	CleanSpace IP Pty Ltd	Under Examination	-
	9	11728519	CleanSpace IP Pty Ltd	Registered	14 May 2014
	10	16634021	CleanSpace IP Pty Ltd	Registered	14 July 2016
European Union	9 & 10	1295638	CleanSpace IP Pty Ltd	Pending	-
Hong Kong	10	303637729AB	CleanSpace IP Pty Ltd	Registered	22 Dec. 2015
India	9 & 10	4352817	CleanSpace IP Pty Ltd	Under Examination	

¹⁴ On 15 March 2018, the company name changed from "PAFtec Technologies Pty Ltd" to "CleanSpace IP Pty Ltd". However, several national Trade Mark registers are still in the process of being updated and consequently still identify the owner as "PAFtec Technologies Pty Ltd".

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CleanSpace IP Pty Ltd

Appendix 3: Trade Mark Portfolio

Trade Mark 2 Continued

Jurisdiction	Class	App/Reg No.	Owner	Status	Reg. Date
Madrid Protocol	9	1139618	CleanSpace IP Pty Ltd	Registered	27 Dec. 2012
	9 & 10	1295638	CleanSpace IP Pty Ltd	Registered	2 July 2015
Israel	9 & 10	1295638	CleanSpace IP Pty Ltd	Registered	4 Sept. 2018
Japan	9 & 10	1295638	CleanSpace IP Pty Ltd	Pending	
Malaysia	9	TM2019035029	CleanSpace IP Pty Ltd	Pending	
	10	TM2019035040	CleanSpace IP Pty Ltd	Pending	
Mexico	9	1840429	CleanSpace IP Pty Ltd ¹⁵	Registered	29 Jan. 2018
	10	1732662	CleanSpace IP Pty Ltd	Registered	14 Mar. 2017
New Zealand	9	966642	CleanSpace IP Pty Ltd	Registered	5 Apr. 2013
	9 & 10	1041143	CleanSpace IP Pty Ltd	Registered	2 July 2015
OAPI	9 & 10	88842	CleanSpace IP Pty Ltd	Registered	30 June 2016
Republic of Korea	9 & 10	1295638	CleanSpace IP Pty Ltd	Pending	
Russian Federation	9 & 10	1295638	CleanSpace IP Pty Ltd	Registered	7 Apr. 2017
Singapore	10	40201606664W	CleanSpace IP Pty Ltd	Registered	9 Apr. 2019
	9	1295638	CleanSpace IP Pty Ltd	Under Examination	
South Africa	9	2015/36659	CleanSpace IP Pty Ltd ¹³	Registered	14 May 2018
	10	2015/36660	CleanSpace IP Pty Ltd ¹³	Registered	14 May 2018
Switzerland	9 & 10	1295638	CleanSpace IP Pty Ltd	Registered	15 Sept. 2017
Taiwan	9	101056572	CleanSpace IP Pty Ltd ¹³	Registered	16 Feb. 2014
Ukraine	9 & 10	1295638	CleanSpace IP Pty Ltd	Registered	23 Mar. 2017
UAE	9	251323	CleanSpace IP Pty Ltd ¹³	Registered	1 Nov. 2016
	10	251324	CleanSpace IP Pty Ltd ¹³	Registered	1 Nov. 2016
USA	9	4801619	CleanSpace IP Pty Ltd	Registered	1 Sept. 2015
	9 & 10	79/186065	CleanSpace IP Pty Ltd	Pending	

¹⁵ On 15 March 2018, the company name changed from "PAFtec Technologies Pty Ltd" to "CleanSpace IP Pty Ltd". However, several national Trade Mark registers are still in the process of being updated and consequently still identify the owner as "PAFtec Technologies Pty Ltd".

CleanSpace IP Pty Ltd

Appendix 3: Trade Mark Portfolio

TRADE MARK 3 – CLEANSPACE (STYLISTED)**Type:** Stylised mark**Device:** 

<i>Jurisdiction</i>	<i>Class</i>	<i>App/Reg No.</i>	<i>Owner</i>	<i>Status</i>	<i>Reg. Date</i>
Brazil	9	911595414	CleanSpace IP Pty Ltd ¹⁶	Registered	18 Feb. 2020
	10	911595660	CleanSpace IP Pty Ltd ¹⁴	Registered	12 June 2018

TRADE MARK 4 – PAFTEC**Type:** Word mark

<i>Jurisdiction</i>	<i>Class</i>	<i>App/Reg No.</i>	<i>Owner</i>	<i>Status</i>	<i>Reg. Date</i>
Australia	9 & 10	1292267	CleanSpace IP Pty Ltd	Registered	10 Dec. 2009
China	10	16634020	CleanSpace IP Pty Ltd	Registered	14 July 2016

TRADE MARK 5 – PAFTEC AIRSTREAMER**Type:** Word mark

<i>Jurisdiction</i>	<i>Class</i>	<i>App/Reg No.</i>	<i>Owner</i>	<i>Status</i>	<i>Reg. Date</i>
Australia	9 & 10	1316303	CleanSpace IP Pty Ltd	Registered	29 Apr. 2010

TRADE MARK 6 – PAFTEC CLEANSPACE**Type:** Word mark

<i>Jurisdiction</i>	<i>Class</i>	<i>App/Reg No.</i>	<i>Owner</i>	<i>Status</i>	<i>Reg. Date</i>
Australia	9 & 10	1316305	CleanSpace IP Pty Ltd	Registered	29 Apr. 2010

- END OF APPENDIX 3 -

¹⁶ On 15 March 2018, the company name changed from “PAFtec Technologies Pty Ltd” to “CleanSpace IP Pty Ltd”. However, several national Trade Mark registers are still in the process of being updated and consequently still identify the owner as “PAFtec Technologies Pty Ltd”.

SECTION TEN

Additional Information



10 Additional Information

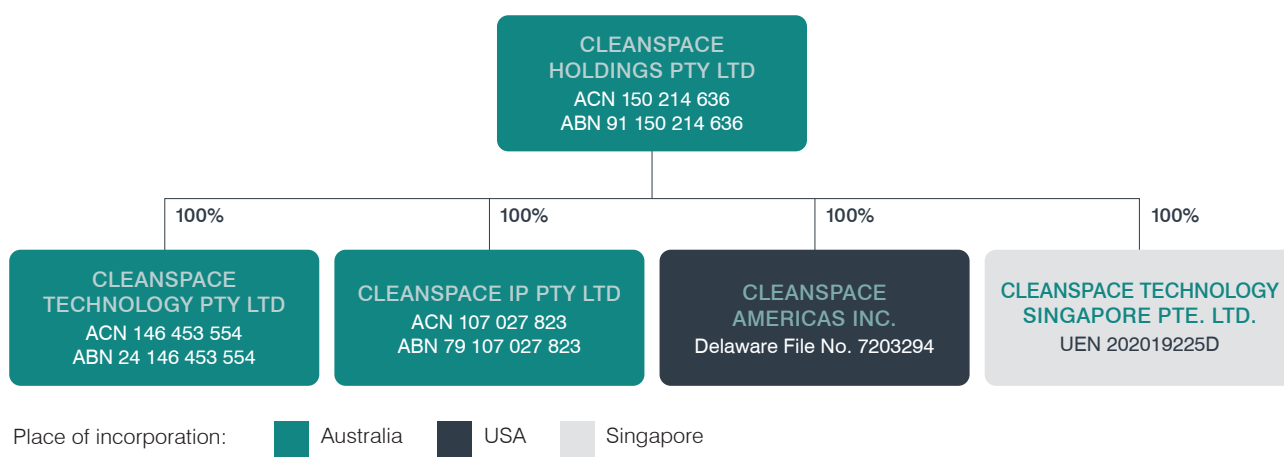
10.1 REGISTRATION

CleanSpace was registered in Queensland on 1 April 2011 and converted to a public company on 28 September 2020. SaleCo was registered in NSW on 10 September 2020.

10.2 COMPANY TAX STATUS AND FINANCIAL YEAR

The Company will be subject to tax at the Australian corporate tax rate. The Company's financial year for taxation purposes ends on 30 June.

10.3 CORPORATE STRUCTURE



Each of the Group entities listed above undertakes the business of CleanSpace as set out in this Prospectus. All subsidiaries are 100% owned by the Company.

10.4 SALES OF SHARES BY SALECO

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Existing Shares by the Selling Shareholders.

Each of the Selling Shareholders has entered into a deed poll in favour of SaleCo under which the relevant Selling Shareholder has agreed to sell to SaleCo some or all of their Existing Shares, which will be sold by SaleCo into the Offer, free from encumbrances and third party rights.

The Existing Shares which SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue New Shares to Successful Applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the deeds described above. The sole shareholder of SaleCo is Alexandra Birrell. Ronald Weinberger, Alexandra Birrell and William Highland are the directors of SaleCo.

The Company has agreed to provide such resources and support as are necessary to enable SaleCo to discharge its functions in relation to the Offer and has indemnified SaleCo in respect of costs of the Offer. The Company has indemnified SaleCo and the shareholders and officers of SaleCo for any loss which they may incur as a consequence of the Offer.

10.5 UNDERWRITING AGREEMENT

The Offer is fully underwritten by the Joint Lead Managers pursuant to an underwriting agreement dated on or about the date of the Prospectus between the Joint Lead Managers, the Company and SaleCo (**Underwriting Agreement**). Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

For the purposes of this Section 10.5 only, **Group**, shall mean the Company, SaleCo and each of their subsidiaries, as at the allotment date.

10.5.1 Fees and expenses

On Settlement and subject to the provisions of the Underwriting Agreement, the Company must pay to the Joint Lead Managers, in their respective proportions (as set out in the Underwriting Agreement), a management fee of 2.25% and a selling and underwriting fee of 2.25% of the Offer proceeds. The Joint Lead Managers' fees will be payable as a deduction from the total Offer proceeds.

In addition to the fees described above, the Company has agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

The Company has authorised the Joint Lead Managers to pay any broker fees due to any co-lead managers, co-managers and Brokers appointed by the Joint Lead Managers On Settlement and subject to the provisions of the Underwriting Agreement, the Company must pay to the Joint Lead Managers, in their respective proportions (as set out in the Underwriting Agreement), a management fee of 2.25% and a selling and underwriting fee of 2.25% of the Offer proceeds. The Joint Lead Managers' fees will be payable as a deduction from the total Offer proceeds.

10.5.2 Termination events not subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until 10.00am on the date of Settlement, terminate the Underwriting Agreement without cost or liability by notice to the Company, SaleCo and the other Joint Lead Manager if any of the following events occur:

- (disclosures) a statement in this Prospectus or certain other related offering documents is misleading or deceptive or likely to mislead or deceive, or there is an omission from the relevant document of material required by sections 710, 711, 715A or 716 of the Corporations Act;
- (new circumstances) there occurs a new circumstance that arises after the Prospectus is lodged, that would have been required to be included in the Prospectus if it had arisen before lodgement (as applicable), that is materially adverse from the point of view of an investor;
- (supplementary prospectus) the Company and SaleCo (i) issue or, in the reasonable opinion of the Joint Lead Managers is required to issue, a supplementary prospectus because of the operation of section 719(1) of the Corporations Act or (ii) lodge a supplementary prospectus with ASIC in a form and substance that has not been approved by the Joint Lead Managers (provided that the Joint Lead Managers have complied with their obligations in that clause not to unreasonably withhold or delay their approval);
- (market fall) at any time the S&P/ASX All Ordinaries Index falls to a level that is 90% or less of the level of the S&P/ASX All Ordinaries Index on the Business Day immediately preceding the date of the Underwriting Agreement and closes at or below that 90% level on 2 consecutive Business Days prior to the date of Settlement, or on the Business Day prior to the date of Settlement;

- (Escrow Deeds) any of the Escrow Deeds are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- (sale deed poll) a sale deed poll entered into by a Selling Shareholder is withdrawn, varied, terminated, rescinded, altered, amended (other than with the consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed)) or materially breached or failed to be complied with or the transactions set out in a sale deed poll are not capable of completing in the reasonable opinion of the Joint Lead Managers;
- (listing and quotation) approval is refused or not granted on or prior to the date of Settlement, or approval is granted subject to conditions other than customary conditions, to:
 - the Company's admission to the official list of ASX on or before the shortfall notification date; or
 - the quotation of the Company's Shares on ASX or for the Company's Shares to be traded through CHESSE on or before Listing,
 - or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (notifications) any of the following notifications are made in respect of the Offer:
 - ASIC issues an order (including an interim order) under sections 739, 1324B or 1325 of the Corporations Act in relation to the Offer or the Prospectus or certain other related offering documents or gives notice of an intention to prosecute the Company or any of its directors and any such intention, application or notice becomes public or is not withdrawn within 3 Business Days or if it is made within 3 Business Days of the date of Settlement it has not been withdrawn by the day before the date of Settlement;
 - ASIC holds a hearing under section 739(2) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the Prospectus or certain other related offering documents or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or the Prospectus or certain other related offering documents, and any such application inquiry or hearing is not withdrawn within 3 Business Days or if it is made within 3 Business Days of the date of Settlement it has not been withdrawn by the day before the date of Settlement;
 - any person who has previously consented to the inclusion of its name in the Prospectus (other than the Joint Lead Managers) withdraws that consent; or
 - any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus (other than the Joint Lead Managers, co-lead manager or co-manager);
- (withdrawal) the Company or SaleCo withdraws the Prospectus or the Offer or any circumstance arises after lodgement of the Prospectus with ASIC that results in the Company or SaleCo either repaying any money received from applicants under the Offer or offering applicants under the Offer an opportunity to withdraw their application for New Shares and/or Sale Shares and be repaid their application monies;
- (timetable) an event specified in the timetable up to and including the date of Settlement is delayed by more than 2 Business Days (other than any delay caused solely by the Joint Lead Managers or in accordance with the terms of the Underwriting Agreement);
- (unable to issue New Shares or transfer Sale Shares) the Company is prevented from allotting and issuing the New Shares, or SaleCo is prevented from transferring the Sale Shares by applicable laws, an order of a court of competent jurisdiction or a governmental authority, within the time required by the ASX Listing Rules;
- (change to Company) the Company:
 - alters the issued capital of the Company or a member of the Group; or
 - disposes or attempts to dispose of a substantial part of the business or property of the Group, without the prior written consent of the Joint Lead Managers (not to be unreasonably withheld or delayed) except as contemplated in the Prospectus;
- (insolvency events) any member of the Group becomes insolvent, or there is an act or omission which is likely to result in such member of the Group becoming insolvent;

- (regulatory approvals) if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform their obligations under the Underwriting Agreement, such that the Company or SaleCo is rendered unable to perform its obligations under the Underwriting agreement;
- (change in management) a change in the board of directors, Chief Executive Officer or Chief Financial Officer of the Company or SaleCo occurs, or such person dies or becomes permanently incapacitated; or
- (constitution) the Company varies any term of its constitution without the prior written consent of the Joint Lead Managers.

10.5.3 Termination events subject to materiality

A Joint Lead Manager may, at any time after the date of the Underwriting Agreement until 10.00am on the date of Settlement, by notice to the Company, SaleCo and the other Joint Lead Manager, terminate the Underwriting Agreement without any cost or liability, if any of the following events occur and the Joint Lead Manager has reasonable grounds to believe the event: (i) is material and adverse and makes it impracticable to proceed with the Offer, sale or delivery of the shares under the Offer on the terms and in the manner contemplated by the Underwriting Agreement and the Prospectus; (ii) has, or is likely to have, a materially adverse effect on the success or outcome of the Offer, ability of the Joint Lead Manager to settle the Offer, subsequent market for the Shares under the Offer, or condition, trading or financial position, performance, profits and losses, results, business or operations of the Company; or (iii) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a contravention by the Joint Lead Manager of, any applicable law:

- (compliance with law) the Prospectus or any certain other related offering documents or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules, or any other applicable law or regulation;
- (disclosures in public information) a statement in any public and other media statement made by, or on behalf and with the knowledge and consent of the Company, SaleCo or any other Group member in relation to the business or affairs of the Company, SaleCo, the Group on or after the date of the Underwriting Agreement or the Offer (other than the Prospectus and certain other related offering documents) is or becomes misleading or deceptive or is likely to mislead or deceive;
- (disclosures in the due diligence materials) certain due diligence materials are, or become, false, misleading or deceptive, including by way of omission;
- (information supplied) any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a member of the Group to the Joint Lead Managers in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or is likely to mislead or deceive (including by omission);
- (adverse change) an event occurs which is, or is likely to give rise to a Material Adverse Effect defined as a material adverse change or effect, or any development involving a prospective material adverse change or effect (in each case, whether occurring before, on or after the date of the Underwriting Agreement) in or affecting:
 - the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, shareholder's equity, or results of operations of the Company, SaleCo or any of their subsidiaries (as of the allotment date) or otherwise (taken as a whole) from that disclosed in the Pathfinder or the Prospectus; or
 - the success, marketing or settlement of the Offer,

and for the avoidance of doubt, an adverse change in the revenues or expenses, assets or liabilities of the Group or an event which is reasonably likely to lead to such an adverse change, of an amount equal to or greater than 10% of the respective level as set out in the Group's financial statements for the period ended 30 June 2020 or when compared to the level which would have been achieved for the six months from the date of the Underwriting Agreement will be considered a material adverse effect;

- (forecasts) there are not, or there ceases to be, reasonable grounds for any statement or estimate in the Prospectus or certain other related offering documents which relate to a future matter or any statement or

estimate in the Prospectus or certain other related offering documents which relate to a future matter is or becomes incapable of being met, or in the reasonable opinion of the Joint Lead Managers, unlikely to be met in the projected timeframe (including in each case financial forecasts);

- (certificate) the Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement or a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect;
- (hostilities) in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the People's Republic of China, Singapore, Japan, Russia or any member state of the European Union:
 - hostilities not presently existing commence;
 - a major escalation in existing hostilities occurs (whether war is declared or not);
 - a declaration is made of a national emergency or war; or
 - a major terrorist act is perpetrated;
- (material contracts) if any of the obligations of the relevant parties under any of the Escrow Deeds or sale deed polls entered into by the Selling Shareholders are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers) or if all or any part of any such documents:
 - is terminated, withdrawn, rescinded, avoided or repudiated;
 - is altered, amended or varied without the consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);
 - is breached, or there is a failure by a party to comply;
 - ceases to have effect, otherwise than in accordance with its terms; or
 - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- (change of law) there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or government policy in Australia (excluding a policy of the Reserve Bank of Australia) or any State or Territory of Australia, New Zealand, the United States, the United Kingdom, Hong Kong, the People's Republic of China, Singapore or any member state of the European Union (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- (breach of laws) there is a contravention by the Company, SaleCo or any other entity in the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), the *Australian Securities and Investments Commission Act 2001* (Cth), its constitution, or the ASX Listing Rules;
- (representations and warranties) a representation or warranty contained in the Underwriting Agreement on the part of the Company or SaleCo is breached, becomes not true or correct or is not performed;
- (breach) the Company or SaleCo defaults on 1 or more of its undertakings or obligations under the Underwriting Agreement;
- (legal proceedings) any of the following occurs:
 - a director of the Company or SaleCo is charged with an indictable offence;
 - any director of the Company or SaleCo is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
 - the commencement of legal proceedings against the Company or SaleCo or any of its directors in their capacity as a director; or
 - any regulatory body commences any inquiry against any member of the Group or the Company or SaleCo;
- (disruption in financial markets) any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States, Hong Kong or any member state of the European Union is declared by the relevant central banking authority

in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;

- trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended for at least 1 day on which that exchange is open for trading;
- any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, the United Kingdom, the United States, Hong Kong, Japan or Singapore or the international financial markets or any adverse change in national or international political, financial or economic conditions in any of those countries; or
- a change or development (which was not publically known prior to the date of the Underwriting Agreement) involving a prospective adverse change in taxation laws affecting the Company, SaleCo or the Offer occurs;
- (fraud) any of the Company or SaleCo or any of their directors or officers (as those terms are defined in the Corporations Act) engage, or have been alleged by a governmental authority to have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- (encumbrance) other than as disclosed in the Prospectus, the Company or SaleCo creates or agrees to create an encumbrance over the whole or a substantial part of its business or property.

10.5.4 Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Joint Lead Managers.

The representations and warranties given by the Company and SaleCo (as applicable) relate to matters including powers and capacities, authorisations, information provided, licences, insurance, litigation, the Prospectus and certain other related offering documents, due diligence, disclosures, internal controls and conduct (including relating to compliance with laws, the operation of the Company's business and the undertaking of the Offer).

The Company's undertakings include, among other things, that it must:

- except as disclosed in the Pathfinder or Prospectus, not at any time after the date of the Underwriting Agreement and up to 90 days after Completion of the Offer, issue, or agree to issue, offer for subscription or grant any option over, or indicate in any way that it may or will issue, or agree to issue, offer for subscription or grant any option over, any shares, units, options or other securities of the Company (or securities convertible or exchangeable into equity of the Company) or permit any Group member to do any of the foregoing, or do anything economically equivalent to any of the foregoing, without the prior written consent of the Joint Lead Managers, other than:
 - pursuant to the Offer as described in the Prospectus;
 - as permitted by the Underwriting Agreement; or
 - an issue of securities pursuant to a non-underwritten dividend or distribution plan or employee incentive scheme (as those terms are defined in the ASX Listing Rules or as disclosed in the Prospectus and certain other related offering documents) or otherwise to employees or officers of the Company or as a result of the conversion or exercise of any such securities or otherwise on issue at the date of the Underwriting Agreement;
- ensure that it and other Group members carry on its business from the date of the Underwriting Agreement to the date 90 days after Completion of the Offer in the ordinary course, and not:
 - dispose, or agree to dispose, of the whole or any material part of its business or its property or acquire, or agree to acquire any material business or property (except in the ordinary course of business);
 - enter into, or vary, any agreement or commitment which is material in the context of the Company or the Offer or which contains a substantial or onerous obligation for the Company; or
 - enter into any other equity or debt financing of any type to allow the Joint Lead Managers the benefit of a clear market;

without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);

- not, until before 90 days following Completion of the Offer:
 - alter the capital structure of the Company; or
 - amend the Company's constitution,
 except with the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed); and
- not, from the date of the initial distribution of the Prospectus until 90 days following Completion of the Offer, vary any term of an Escrow Deed or sale deed poll entered into by a Selling Shareholder in a material respect without the prior consent of the Joint Lead Managers to the terms of the variation (such consent not to be unreasonably withheld or delayed).

10.5.5 Indemnity

Subject to certain customary exclusions (including gross negligence, wilful misconduct or fraud of an indemnified party), the Company and SaleCo agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

10.6 CONSENTS TO BE NAMED AND INCLUSION OF STATEMENT AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties listed below in this Section 10.6, each a consenting party, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus, or any statement in, or omission from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- each of Bell Potter Securities Limited and Wilsons Corporate Finance Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Joint Lead Manager to the Offer in the form and context in which it is named;
- Gilbert + Tobin has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to the Company and SaleCo in relation to the Offer in the form and context in which it is named;
- PKF Corporate Finance (NSW) Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Investigating Accountant's Report on the Financial Information set out in Section 8 in the form and context in which it appears in this Prospectus;
- PKF Sydney Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as tax adviser to the Company in the form and context in which it is so named;
- PKF(NS) Audit & Assurance Limited Partnership has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the Company in the form and context in which it is so named;
- Frost & Sullivan Australia Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Independent Market Expert in the form and context in which it is so named, and for the inclusion of its Independent Market Report, or statements based upon its Independent Market Report, in the form and context in which the statements appear, in this Prospectus;

- IP Solved (ANZ) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion of its Intellectual Property Report in Section 9, or statements based upon its Intellectual Property Report, in the form and context in which the statements appear, in this Prospectus; and
- Boardroom Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named. Boardroom Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company. Boardroom Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

10.7 REGULATORY RELIEF

10.7.1 ASIC exemptions and relief

ASIC has granted the following exemptions from, and modifications to, the Corporations Act:

- relief to extend the benefit of ASIC Class Order 14/1000 to each of the grant of the NED Options, the Employee Options and the Executive Options to non-executive directors, management and employees of the Company. This provides the Company with conditional relief from the requirement to issue disclosure documentation in connection with the issue or grant of options under the Equity Incentive Plan, as well as relieving the Company from the operation of the licensing, advertising, securities hawking and management investment scheme provisions of the Corporations Act for offers of such securities in accordance with ASIC's conditions.

10.7.2 ASX waivers and confirmation

ASX has granted the following confirmations in relation to the Company and the Offer:

- confirmation of the Company's suitability for admission to the official list of ASX as an ASX Listing under ASX Listing Rules 1.1, condition 1 and 1.19;
- confirmation that the Company may seek admission to the official list of ASX under the profits test in ASX Listing Rule 1.2;
- confirmation that the timetable that the Company is likely to adopt for the Offer is acceptable to ASX for the purposes of Listing Rule 7.40; and
- a confirmation that ASX has no objections to the draft Constitution (in relation to the ASX Listing Rules).

10.8 VOLUNTARY ESCROW ARRANGEMENTS

The following Existing Shareholders are subject to voluntary escrow arrangements:

	Number of Escrowed Shares	% of Existing Shares subject to voluntary escrow	No escrow	February 2021 release ¹	August 2021 release ²	February 2022 release ³	August 2022 release ⁴
Non-executive directors ⁵	1,148,360	100	0	0	172,254	401,925	574,181
Key Management ⁶	6,985,984	100	0	0	1,047,896	2,445,095	3,492,993
Other employees	2,299,871	100	0	0	344,978	804,956	1,149,937
CVC	8,506,405	85	1,501,130	3,502,637	5,003,768	0	0
Acorn	3,511,138	85	619,612	1,445,763	2,065,375	0	0
Other Existing Shareholders	19,834,762	88	2,820,840	6,581,961	9,980,301	1,347,500	1,925,000
TOTAL	42,286,520	90	4,941,582	11,530,361	18,614,572	4,999,476	7,142,111

Notes:

1. The period of escrow will end at 4.30pm on the date that the Company has released to the ASX its preliminary half-year financial statements (being the Company's Appendix 4D) for the half year ended 31 December 2020, expected to occur in February 2021.
2. The period of escrow will end at 4.30pm on the date that the Company has released to the ASX its preliminary final report (being the Company's Appendix 4E) for the financial year ending 30 June 2021, which is expected to occur in August 2021.
3. The period of escrow will end at 4.30pm on the date that the Company has released to the ASX its preliminary half-year financial statements (being the Company's Appendix 4D) for the half year ended 31 December 2021, which is expected to occur in February 2022.
4. The period of escrow will end at 4.30pm on the date that the Company has released to the ASX its preliminary final report (being the Company's Appendix 4E) for the financial year ending 30 June 2022, which is expected to occur in August 2022.
5. Entities associated with Ron Weinberger will hold 50,454 Shares on Completion; of those 27,778 will be subject to voluntary escrow (entities associated with Ron Weinberger will acquire shares in the IPO that will not be subject to escrow). Entities associated with Craig Lawn will hold 1,001,871 Shares on Completion; of those 991,667 will be subject to voluntary escrow (entities associated with Craig Lawn will acquire shares in the IPO that will not be subject to escrow). Entities associated with William Highland will hold 128,915 Shares on Completion; 100% of the Shares held by entities associated with William Highland at Completion will be subject to Escrow.
6. Entities associated with Alex Birrell will hold 2,798,962 Shares on Completion. Entities associated with Dan Kao will hold 2,530,000 Shares on Completion. Entities associated with Elizabeth Harvey will hold 458,065 Shares on Completion. Entities associated with other Key Management will hold 1,198,957 Shares on Completion. 100% of shares held by Key Management will be subject to voluntary escrow following Completion off the Offer.

At Completion, 54.9% of the Shares will be subject to voluntary escrow. In relation to the Shares held by Existing Shareholders at Completion⁷, 89.5% of those Shares will be subject to voluntary escrow arrangements.

Each Escrowed Shareholder will enter into an Escrow Deed in respect of their Shareholding on Completion of the Offer, which prevents them from dealing with their respective Escrowed Shares for the applicable Escrow Period as described above. A holding lock will be applied to the Escrowed Shares.

The restriction on dealing is broadly defined in the voluntary Escrow Deeds. It restricts the Escrowed Shareholder from, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, creating or agreeing to create a security interest over the Escrowed Shares, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares or agreeing to do any of those things (subject to certain exceptions).

During the Escrow Period, Escrowed Shareholders whose Shares remain subject to escrow may:

- deal in any of their Escrowed Shares to the extent that the dealing arises solely as a result of:
 - the acceptance of a bona fide third party offer under a takeover bid in relation to those Escrowed Shares, provided that the holders of at least half of the Shares that are not subject to any voluntary escrow, and to which the offers under the bid relate, have accepted the bid; or

⁷ Excluding Shares acquired in the IPO.

- the transfer or cancellation of the Escrowed Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act, provided that the scheme of arrangement has received all necessary approvals, provided, in each case, that if for any reason any or all Escrowed Shares are not transferred or cancelled in accordance with such a takeover bid or scheme of arrangement (including because the takeover bid does not become unconditional), then the Escrowed Shareholder agrees that the restrictions applying to the Escrowed Shares under the Escrow Deed will continue to apply and without limiting the foregoing, the holding lock will be reapplied to all Escrowed Shares not so transferred or cancelled;
- deal in any of their Escrowed Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction), provided that any transferee of the Escrowed Shares will no longer be bound by any holding lock on dealing; and
- deal in any of their Escrowed Shares upon the death or incapacity of the Escrowed Shareholder, provided that the transferee will no longer be bound by any holding lock or restrictions on dealing in respect of the Escrowed Shares.

The Company will release the Escrowed Shares from escrow on the date shown in the table in Section 10.8 and subject to complying with the notification requirements under the ASX Listing Rules.

10.9 OWNERSHIP RESTRICTIONS

The sale and purchase of Shares in Australia is regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 10.9 contains a general description of these laws.

10.9.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

10.9.2 Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company will itself be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor is in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

10.10 LITIGATION AND CLAIMS

Further to the litigation risks set out in Sections 5.1.10 and 5.1.11, the Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including intellectual property disputes, employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

10.10.1 Patent dispute

CleanSpace is currently involved in a dispute regarding the validity of an international patent application filed by an entity associated with a former employee of CleanSpace in the respiratory invention space. The patent application received an International Preliminary Report of Patentability which indicates that all claims are invalid. CleanSpace, having received legal advice, is of the view that the patent application is invalid, without merit and breaches CleanSpace's intellectual property rights, and that CleanSpace is the true owner of any invention disclosed in the patent application. CleanSpace is taking steps to protect its rights and have the patent application removed.

10.10.2 Trademark dispute

In 2012 CleanSpace registered the trademark 'CleanSpace' in Australia and subsequently secured protection in the USA, Japan, the UK and the EU (28 countries). A dispute subsequently arose with a UK-based company, who sought to register 'cleanspace' in respect of nine classes in multiple jurisdictions. The dispute between the parties is currently limited to administrative challenges in both the EU, where CleanSpace has opposed the application, and the USA, where the challenge is suspended pending the outcome of the EU dispute.

The EU dispute is on appeal before the European Union Intellectual Property Office. While a risk exists in relation to the success of the infringement proceedings, CleanSpace is confident that there is no risk to sales of CleanSpace's products in the EU or USA markets, arising from the outcome of this dispute, and by extension, that the dispute is not likely to cause harm to CleanSpace's business and financial performance.

10.11 AUSTRALIAN TAXATION IMPLICATIONS OF THE OFFER

10.11.1 Introduction

The following tax comments are based on the tax law in Australia in force as at the date of this Prospectus. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by investors, the taxation laws of Australia and/or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances. Shareholders should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax, stamp duty and goods and services tax (GST) implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors that hold their Shares on capital account. These comments do not apply to Shareholders that hold Shares as trading stock and/or on revenue account, non-Australian resident investors, other investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth).

To the extent permitted by applicable law, the Company disclaims all liability to any Shareholder or other party for all costs, loss, damage and liability that the Shareholder or other party may suffer or incur arising from or relating to or in any way connected with the contents of this Section or the provision of this Section to the Shareholder or other party or the reliance on this Section by the shareholder or other party.

Taxation issues, such as (but not limited to) those covered by this Section, are only one of the matters an investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

10.11.2 Dividends paid on shares

Dividends may be paid to Shareholders by the Company where the relevant legal requirements have been satisfied. The Company may attach “franking credits” to such dividends where specific requirements are satisfied. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax at the Australian corporate level. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

10.11.2.1 Australian tax resident individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to the Shares to the extent they are held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend (subject to satisfying the “qualified person” rules outlined at Section 10.11.2.4). Such Shareholders should then be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the Shareholder’s taxable income. Where the tax offset exceeds the tax payable on the Shareholder’s taxable income, such Shareholders should be entitled to a tax refund equal to the amount of the excess.

To the extent that the dividend is unfranked, the Shareholder should include the dividend in their assessable income with no tax offset.

10.11.2.2 Australian tax resident corporate shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credit (subject to satisfaction of the qualified person rules outlined at Section 10.11.2.4) in their assessable income. They are then allowed a tax offset up to the amount of the franking credit on the dividend. Where the tax offset exceeds the tax payable, the excess cannot give rise to a refund for a company but can be converted into carry forward tax losses.

An Australian resident corporate Shareholder should also be entitled to a credit in its own franking account to the extent of the franking credit attached to the distribution received. This will allow the corporate Shareholder to pass on the benefit of the franking credits to its own Shareholder(s) on the payment of dividends.

10.11.2.3 Australian tax resident trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the dividend and any attached franking credit (subject to satisfaction of the qualified person rules) in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary’s or partner’s share of the franking credit received by the Shareholder.

As the qualified person rules (referred to at Section 10.11.2.4) are particularly complex in the context of distributions/ dividends received indirectly via a trust or partnership, it is recommended that Shareholders seek independent advice on tax consequences arising in these circumstances.

10.11.2.4 Australian tax resident shares held “at risk”

The benefit of franking credits can be denied where a Shareholder is not a “qualified person”, in which case the Shareholder will not need to include an amount for the franking credits in their assessable income and should also not be entitled to a tax offset.

Broadly, to be a “qualified person”, a Shareholder must satisfy the holding period rule and the related payment rule.

Under the holding period rule, a Shareholder is required to hold Shares “at risk” for more than 45 days continuously over a specified period in order to qualify for franking benefits, including franking credits. This period is measured as the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares become ex-dividend. In the ordinary case, this means that the holding period rule should be

satisfied provided that the Shares have been held “at risk” for a continuous period of 45 days (not including the date of acquisition or disposal) at some time during the period of ownership of the Shares. Very broadly, Shares are held “at risk” to the extent that no material “positions” are adopted in relation to the Shares which have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain option and derivative agreements, or agreements to sell the Shares).

There are some exceptions to the holding period rule, including where the total franking offsets of an individual in a year of income do not exceed \$5,000 (small holding exception). Special rules also apply to trusts and beneficiaries. Under the related payment rule, a different testing period applies where the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. A related payment is one where a Shareholder or their associate effectively passes on the benefit of the dividend to another person. The related payment rule requires the Shareholder to have held the Shares at risk for the continuous 45 day period as above but during the period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend. Practically, the related payment rule should not impact Shareholders who do not pass the benefit of the dividend to another person.

As noted above, the qualified person rules can be quite complex. Shareholders should seek independent professional advice to determine if these requirements, as they apply to them, have been satisfied.

10.11.2.5 Australian capital gains tax implications for Australian tax resident Shareholders on a disposal of Shares

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian capital gains tax (CGT) provisions in respect of the disposal of their Shares.

Where the capital proceeds received on disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will be required to recognise a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are added together. To the extent that a net gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). In the event the Shareholder has unapplied revenue losses, these may similarly be applied to reduce the gain (subject to the relevant loss recoupment tests). Any remaining net gain (after the application of any carried forward capital losses) will then be required to be included in the Australian tax resident Shareholder’s assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder’s applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders (individuals, complying superannuation entities or trustees) may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual or trustee Shareholder, and a one third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder. The concession applies to any net capital gain (i.e. it applies after capital losses have been deducted against any gains). The concession is not available to corporate Shareholders.

In relation to trustee Shareholders, the rules surrounding capital gains and the CGT discount are complex. The benefit of the CGT discount may flow through to relevant beneficiaries of the trust, provided those beneficiaries are not corporate entities. Shareholders which are trustees should seek specific advice as to the circumstances in which a beneficiary may be entitled to a CGT discount.

10.11.2.6 Tax File Number

A shareholder is not obliged to quote their tax file number (**TFN**), or where relevant, Australian Business Number (**ABN**), to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal tax rate plus the Medicare levy from certain dividends paid (including unfranked and partially franked dividends). However, Australian tax resident Shareholders may be able to claim a tax credit in respect of the tax deducted in their income tax returns.

There is no withholding requirement in respect of fully franked dividends paid by the Company on the Shares.

10.11.2.7 Stamp Duty

Shareholders should not be liable for stamp duty in respect of their acquisition of Shares under this Prospectus, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of Shares while the Company remains listed on ASX. Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

10.11.2.8 Australian Goods and Services Tax

Under current Australian GST law, GST should not be payable in respect of the issue of Shares by the Company which will constitute an input taxed financial supply made to Australian Shareholders. No GST should be payable on the receipt of dividends on the basis that dividends are not considered a taxable supply.

However, Australian Shareholders may incur GST on costs associated with the acquisition or disposal of Shares of the Company such as brokerage, or other professional advisory services. A full input tax credit may not be available to Shareholders on these expenses as they are in connection with a financial supply.

Australian Shareholders should seek their own advice to determine whether they will be entitled to claim GST incurred on any costs associated with the acquisition of Shares.

10.12 FOREIGN SELLING RESTRICTIONS

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “**SFO**”). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “**FMC Act**”). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an “institutional investor” (as defined in the SFA) or (iii) an “accredited investor” (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“**FSMA**”)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to “qualified investors” (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“**FPO**”), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

10.13 DESCRIPTION OF THE SYNDICATE

Bell Potter Securities Limited and Wilsons Corporate Finance Limited are joint lead managers, joint bookrunners and joint underwriters to the Offer.

10.14 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

10.15 STATEMENT OF DIRECTORS

This Prospectus is authorised by each director of the Company and SaleCo who consents to its lodgement with ASIC and its issue.

The Directors have made enquiries and nothing has come to their attention to suggest that, as at the date of this Prospectus, the Company is not continuing to earn profit from continuing operations.

SECTION ELEVEN

Summary of Key Accounting Policies



11 | Summary of Key Accounting Policies

11.1 BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 of this Prospectus are set out below.

The accounting policies are consistent with the general purpose financial statements of CleanSpace for the year ended 30 June 2020 which were prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*, and were audited in line with the Australian Auditing Standards.

The Financial Information covers CleanSpace Holdings Limited and its controlled entities (**‘the Group’**).

The functional and presentation currency of the Group is Australian dollars.

The Financial Information has been prepared on a going concern and accruals basis and is based on historical costs unless otherwise stated.

The preparation of the Financial Information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CleanSpace’s accounting policies. Actual results and experience may differ from these estimates.

11.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for consolidation

The consolidated Financial Information includes the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of the Financial Information.

Appropriate adjustments have been made to a controlled entity’s financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated Financial Information.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax consolidation

CleanSpace Holdings Limited and its Australian wholly owned subsidiaries elected to implement the tax consolidation legislation and form a tax consolidated group.

Each individual entity within the tax consolidated group accounts for its own income tax expense and deferred tax balances following the policy as above. Any current tax balance payable or receivable by the entity based on its own results are accounted for as an intercompany balance to CleanSpace Holdings Limited provided they are recoverable. CleanSpace Holdings Limited records the consolidated tax payable position of the tax consolidated group.

11 | Summary of Key Accounting Policies

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Revenue and other income

Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

The revenue recognition policies for the principal revenue streams of the Group are:

- Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.
- Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when control of the goods has transferred and there is no longer any ownership or effective control over the goods.
- Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration before the company has transferred the goods or services to the customer.
- Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.
- Research and Development Tax Incentives (R&D Tax Incentives) are recognised when it is reasonable that the Company has satisfied all criteria and conditions of the requirements set by the Australian Taxation Office. R&D Tax incentives are offset against the tax liability unless there is no tax liability available, in which case it is presented as "Other Income" in the statement of comprehensive income. Interest is recognised using the effective interest method.
- All revenue is stated net of the amount of goods and services tax (GST).

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct material and direct labour. Cost is measured at the weighted average cost per unit.

Net realisable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, is depreciated on a straight line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	13 - 25%
Motor Vehicles	13%
Office Equipment	20 - 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate

(i) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(j) Financial assets

Financial assets are initially recognised and subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables, financial assets (term deposits) and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (**ECL**) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(k) Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, government loans and finance lease liabilities.

The Group has entered into two funding agreements with NSW Health Administration Corporation, with each tranche of the funding to be used solely for specific projects:

- to develop a CleanSpace respirator specific for Health care workers who are at risk infectious airborne diseases; and
- to improve the adoption of an innovative re-usable respirator in acute care settings.

The applicable interest rate for both loans is calculated by using the annual Consumer Price Index (**CPI**).

The Company is not required to make any repayments of the loans until the relevant project has achieved commercial success. Where a project has achieved commercial success it is classified as a current liability as repayment is expected to occur within the next 12 months.

(l) Impairment of non financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(n) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(o) Leases

For the Statutory Historical Financial Information, the Group adopted AASB 16 Leases using the modified retrospective method with effect from 1 July 2019.

Therefore the Statutory Historical Financial Information for the years ended 30 June 2018 and 2019 has not been restated and was instead prepared in accordance with AASB 117 Leases and associated accounting interpretations:

- Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

11 | Summary of Key Accounting Policies

- Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

In preparing the Statutory Historical Financial information for the year ended 30 June 2020, the Group used a number of practical expedients, allowed by AASB 16, on transition, including:

- contracts which had previously been assessed as not containing leases under AASB 117 were not reassessed on transition to AASB 16;
- lease liabilities have been discounted using the Group's incremental borrowing rate at 1 July 2019;
- right of use assets at 1 July 2019 have been measured at an amount equal to the lease liability;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right of use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Under AASB 16:

At inception of a contract, the Company assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The non lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right of use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right of use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right of use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right of use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low value assets. The Group recognises the payments associated with these leases as an expense on a straight line basis over the lease term.

Pro forma Historical Financial Information

The Pro forma Historical Financial Information has been prepared to reflect AASB 16 as though it had been implemented with effect from the beginning of the Historical Financial Information period, being 1 July 2017.

(p) Share capital

Ordinary shares are measured at cost and are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Preference share capital is measured at cost and is classified as equity if it is non redeemable or redeemable only at the company's option, and any dividends are discretionary.

Equity settled share based payments to employees are measured at the fair value determined at the grant date, which is the date when the entity and the employee have a shared understanding of the terms and conditions of the arrangement. Share based payment expenses are recognised over the vesting period, which is the period over which all specified vesting conditions must be met.

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

SECTION TWELVE

Glossary



12 | Glossary

Term	Definition
AAS	AAS Australian Accounting Standards
AASB	Australian Accounting Standards Board
AASB 16	AASB 16 Leases
ABN	Australian Business Number
Acorn	Various funds managed by Acorn Capital Ltd
AEDT	Australian Eastern Daylight Time
AEST	Australian Eastern Standard Time
Aggregate Substantial Interest	An acquisition of shares and voting power in a company of 40% or more by two or more unassociated foreign persons and their associates
AGM	Annual general meeting
AGP	Aerosol Generating Procedures
"Air Purifying Respirator" or "APR"	Air Purifying Respirators which remove gas, vapours, aerosols (droplets and solid particles), or a combination of contaminants from the air through the use of filters, cartridges, or canisters
Annual Report	The annual report of the Company issued to members of the Company
Applicant	A person who submits an Application
Application	An application made to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to, or accompanying this Prospectus (including the electronic form provided by an online application facility)
"Application Monies" or "Application Payments"	The amount of money accompanying an Application Form submitted by the Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the official list of the ASX
ASX Recommendations	Revised in 2019, the fourth edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The settlement rules of ASX as amended, varied or waived from time to time
ATO	Australian Taxation Office
Audit and Risk Management Committee	The committee described in Section 6.4.6

Term	Definition
Australian Auditing Standards	The Australian Auditing Standards issued by the Auditing and Assurance Standards Board
Board	The Board of Directors of the Company
Board Charter	The charter adopted by the Board described in Section 6.4.4
Broker	Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian retail clients of Brokers who have received a firm allocation from their Broker
Broker Firm Offer Applicant	A person who submits an Application under the Broker Firm Offer
Business	The business carried on by the Group
Business Days	Any day other than a Saturday, Sunday or a public or bank holiday in New South Wales
CDC	Centers for Disease Control and Prevention
CE Mark	CE Marking confirms that products meet safety, health, and environmental protection requirements in the European Economic Area
CGT	Australian Capital Gains Tax
CGU	Cash-Generating Unit
Change of Control	Has the meaning given in Section 6.3.6.1
CHESS	Clearing House Electronic Sub-register System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules
"CleanSpace" or "Company"	CleanSpace Holdings Limited (ACN 150 214 636) and, where the context requires, the business conducted by CleanSpace Holdings Limited (ACN 150 214 636) and its subsidiaries
CleanSpace Technology	CleanSpace Technology Pty Ltd (ACN 146 453 554)
Closing Date	The date on which the Offer is expected to close, being 13 October 2020 in respect of the Broker Firm Offer. This date may be varied without prior notice
Code of Conduct	The code of conduct described in Section 6.4.8
Completion	The Completion of the Offer, being the date upon which Shares are issued or transferred to Successful Applicants in accordance with the terms of the Offer
Constitution	The Constitution of the Company to be adopted subject to and immediately before listing on ASX
COPD	Chronic Obstructive Pulmonary Disease
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulation	<i>Corporations Regulations 2001</i> (Cth)
CPI	Consumer Price Index
CRN	Customer Reference Number
CVC	CVC Emerging Companies Fund

Term	Definition
Directors	Each of the Directors of the Company from time to time
Disclosure Policy	The policy described in Section 6.4.9
Diversity Policy	The policy described in Section 6.4.11
ECL	Expected Credit Loss
EEA	European Economic Area
EBIT	Earnings before interest and tax as described in Section 4.2.4
EBITDA	Earnings before interest, tax, depreciation and amortisation as described in Section 4.2.4
Employee Grant	Has the meaning given in Section 6.3.7
Employee Options	Options offered to employees of the Company under the Equity Incentive Plan
Equity Incentive Plan	The Company's equity-based long-term incentive plan for employees of the Company, as described in Section 6.3.6.1
Escrow Deeds	The escrow deeds entered into between the Company and the Escrowed Shareholders as described in Section 10.8
Escrow Period	The relevant period commencing on Completion and ending on the applicable date set out in Section 10.8
Escrowed Shares	Each of the Shares held by Escrowed Shareholders immediately following Completion of the Offer which are subject to voluntary escrow arrangements, as described in Sections 7.6 and 10.8
Executive Grant	A grant made under the Equity Incentive Plan to key executives of the Company for the FY21 period, as described in Section 6.3.7
Executive Options	Options offered to key executives of the Company under the Equity Incentive Plan
Existing Shareholders	Those persons holding Shares as at the Prospectus Date
Existing Shares	The Shares held by the Existing Shareholders
Expiry Date	The date that is 13 months after the Prospectus Date
Escrowed Shareholders	The Existing Shareholders subject to voluntary escrow arrangements, as described in Sections 7.6 and 10.8
Exposure Period	The period specified in section 727(3) of the Corporations Act, being a minimum of seven days after the Prospectus Date, during which an Application must not be accepted. ASIC may extend to no more than 14 days after the Prospectus Date
FCF	Free Cash Flow as described in Section 4.2.4
FDA	Food and Drug Administration
Federal Treasurer	The Treasurer of Australia
Financial Information	Has the definition given in Section 4.1.1
Financial Services Guide	The financial services guide provided in Section 8
FMC Act	<i>Financial Markets Conduct Act 2013</i>

Term	Definition
Forecast Financial Information	Has the definition given in Section 4.1.1
FPO	<i>Financial Services and Markets Act 2000 (Financial Promotions) Order 2005</i>
Frost & Sullivan	Frost & Sullivan Australia Pty Ltd (ABN 35 096 869 108)
FSMA	<i>Financial Services and Markets Act 2000</i>
FTE	Full time equivalent
FY18	Financial Year ended 30 June 2018
FY19	Financial Year ended 30 June 2019
FY20	Financial Year ended 30 June 2020
Group	The Company and its controlled entities
GST	Goods and services tax
HEPA	High-Efficiency Particulate Air
HIN	Shareholder's Holder Identification Number
Historical Financial Information	Has the definition given in Section 4.1.1
IARC	International Agency for Research on Cancer
IASB	International Accounting Standards Board
ICN	International Council of Nurses
ICU	Intensive Care Unit
IDLH	Immediately Dangerous to Life or Health
IFRS	International Financial Reporting Standards
Independent Market Report	Market study that the Company commissioned from Frost & Sullivan, as well as the Company's analysis of such information
Institutional Investor	Investors who are: <ul style="list-style-type: none"> - persons in Australia who are wholesale clients under section 761G of the Corporations Act and either 'professional investors' or 'sophisticated investors' under sections 708(11) and 708(8) of the Corporations Act; - institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply); and - provided that in each case such investors are not in the United States
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.5
Intellectual Property Report	The report described in Section 9
Investigating Accountant	PKF Corporate Finance (NSW) Pty Limited
Investigating Accountant's Report	The report prepared by PKF Corporate Finance (NSW) Pty Limited in connection with the Prospectus

Term	Definition
“IP” or “Intellectual Property”	Intellectual property
Joint Lead Managers	Bell Potter Securities Limited and Wilsons Corporate Finance Limited
Key Management	Means the Management Team set out in Section 6.2
Listing	Admission of the Company to the Official List of the ASX
LTI	Long Term Incentive
MROs	Maintenance, Repair and Operating suppliers of goods used in industrial end markets
NED or Non-Executive Director	A non-executive director
NED Grant	A grant made under the Equity Incentive Plan to NEDs of the Company, as described in Section 6.3.7.1
NED Options	Options offered to NEDs under the Equity Incentive Plan
New Shareholders	Persons acquiring Shares under the Offer (excluding any Existing Shareholders who acquire Shares under the Offer)
New Shares	The new Shares to be issued by the Company under the Offer
NIOSH	The National Institute for Occupational Safety and Health
non-IFRS financial measures	Certain measures used by CleanSpace groups to manage and report on its business that are neither recognised by the AASB nor under IFRS described in Section 4.2.4
OEM	Original equipment manufacturer
OH&S	Occupational Health and Safety
Offer	The offer under this Prospectus of New Shares for issue by the Company and of the Sale Shares
Offer Period	The period from the Opening Date, and ending on the Closing Date
Offer Price	\$4.41 per Share
Official List	The Official List of the ASX
Opening Date	The date on which the Broker firm offer opens
Options	An option, issued under the Equity Incentive Plan, to acquire fully-paid Shares
OSHA	US Occupational Safety and Health Administration
OT	Operating Theatre
PAPR	Powered Air Purifying Respirator
PEL	Permissible Exposure Limit
PPE	Personal Protective Equipment
Priority Offer	The component of the Offer under which investors who have received an invitation to participate in an Offer for shares under Section 7.4
Pro forma Forecast Financial Information	Has the meaning given in Section 4.1.1
Pro forma Forecast Income Statements	Has the meaning given in Section 4.1.1

Term	Definition
Pro forma Historical Balance Sheet	Has the meaning given in Section 4.1.1
Pro forma Historical Cash Flow Statements	Has the meaning given in Section 4.1.1
Pro forma Historical Financial Information	Has the meaning given in Section 4.1.1
Pro forma Historical Income Statements	Has the meaning given in Section 4.1.1
Pro forma Historical Information	Has the meaning given in Section 4.1.1
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 29 September 2020
QC	Quality Control
QMS	Quality management system as described in Section 3.1.10
R&D	Research and Development
R&D Tax Incentives	Research and Development Tax Incentives
REACH	Registration, Evaluation, Authorization, Restriction of Chemicals regulates the use of chemical substances on human health and environment
Related Bodies Corporate	As that term is defined in the Corporations Act
RoHS	Restriction of Hazardous Substances Directive which restricts use of certain hazardous substances in electrical equipment
RPE	Respiratory Protection Equipment
SaleCo	CleanSpace SaleCo Limited (ACN 644 236 304)
Sale Shares	The Existing Shares to be sold by Existing Shareholders as part of the Offer
SCBA	Self-Contained Breathing Apparatus
Securities Trading Policy	The policy described in Section 6.4.12
Selling Shareholder	Those Existing Shareholders who have irrevocably offered to sell Existing Shares to SaleCo prior to Listing
Settlement	The settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements
SFA	Securities and Futures Act of Singapore
SFO	Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of a Share in the Company
Share Registry	Boardroom Pty Limited ABN 14 003 209 836
Statutory Forecast Cash Flow Statements	Has the meaning given in Section 4.1.1
Statutory Forecast Financial Information	Has the meaning given in Section 4.1.1
Statutory Forecast Income Statements	Has the meaning given in Section 4.1.1
Statutory Historical Balance Sheet	Has the meaning given in Section 4.1.1

Term	Definition
Statutory Historical Cash Flow Statements	Has the meaning given in Section 4.1.1
Statutory Historical Financial Information	Has the meaning given in Section 4.1.1
Statutory Historical Income Statements	Has the meaning given in Section 4.1.1
Substantial Interest	An acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates
Successful Applicant	An Applicant who is issued or transferred Shares under the Offer
TFN	Tax File Number
TGA	Therapeutic Goods Administration
Underwriting Agreement	The underwriting agreement dated on or about the date of this Prospectus between the Company and the Joint Lead Managers as described in Section 10.5
US Securities Act	US Securities Act of 1933, as amended
Working Capital	Has the meaning given in Section 4.2.4
WHO	World Health Organisation

CleanSpace Holdings Limited

ABN 91 150 214 636

Broker Firm Application Form

This is an Application Form for Shares in CleanSpace Holdings Limited (**Company**) on the terms set out in the Prospectus dated 29 September 2020 (**Prospectus**). Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of \$2,000 worth of Shares and multiples of \$500 worth of shares thereafter. This equates to a minimum of 454 shares and multiples of 114 shares thereafter. This Application Form and your payment must be received by **5.00pm (Sydney Time) on the closing date, being 13 October 2020**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Prospectus carefully before applying for Shares.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <https://www.boardroomlimited.com.au/corp/privacy-policy>

To meet the requirements of the *Corporations Act 2001* (Cth) (**Corporations Act**), this Application Form must not be distributed to another person unless included in or accompanied by the Prospectus. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. During the Offer period, the Company will send you a free copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

Broker Reference – Stamp Only									
Broker Code					Advisor Code				

A Number of Shares you are applying for	B Total amount payable
<div style="border: 1px solid black; width: 300px; height: 20px; margin-bottom: 5px;"></div> <div style="display: flex; justify-content: space-between;"> Minimum of 454 Shares to be applied for and multiples of 114 thereafter x \$4.41 per Share = </div>	<div style="border: 1px solid black; width: 100px; height: 20px; margin-bottom: 5px;"></div> <div style="display: flex; justify-content: space-between;"> \$ </div>

C Write the name(s) you wish to register the Shares in (<i>see reverse for instructions</i>)
Applicant #1
<div style="border: 1px solid black; width: 850px; height: 20px;"></div>
Name of Applicant #2 or <Account Designation>
<div style="border: 1px solid black; width: 850px; height: 20px;"></div>
Name of Applicant #3 or <Account Designation>
<div style="border: 1px solid black; width: 850px; height: 20px;"></div>

D Write your postal address here		
Number/Street		
<div style="border: 1px solid black; width: 850px; height: 20px;"></div>		
<div style="border: 1px solid black; width: 850px; height: 20px;"></div>		
Suburb/Town	State	Postcode
<div style="border: 1px solid black; width: 580px; height: 20px;"></div>	<div style="border: 1px solid black; width: 60px; height: 20px;"></div>	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>

E CHESS participant – Holder Identification Number (HIN)	<i>Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.</i>
<div style="border: 1px solid black; width: 300px; height: 20px; display: flex; align-items: center;"> <div style="width: 20px; height: 20px; border: 1px solid black; margin-right: 5px; display: flex; align-items: center; justify-content: center;">X</div> <div style="flex-grow: 1; border: 1px solid black;"></div> </div>	

F Enter your Tax File Number(s), ABN, or exemption category	
Applicant #1	Applicant #2
<div style="border: 1px solid black; width: 300px; height: 20px;"></div>	<div style="border: 1px solid black; width: 200px; height: 20px;"></div>
Applicant #3	
<div style="border: 1px solid black; width: 300px; height: 20px;"></div>	

G Cheque payment details – ✶ PIN CHEQUE(S) HERE. Cheque to be made in accordance with the instruction from your broker. If payment is made by cheque, enter cheque details below.				
Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$
<div style="border: 1px solid black; width: 300px; height: 20px;"></div>	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 150px; height: 20px;"></div>

H Contact telephone number (daytime/work/mobile)	Contact Name
<div style="border: 1px solid black; width: 100px; height: 20px;"></div>	<div style="border: 1px solid black; width: 400px; height: 20px;"></div>
E-mail Address	
<div style="border: 1px solid black; width: 700px; height: 20px;"></div>	

By submitting this Application Form with your Application Monies, I/we declare that I/we:

- | | | | | |
|--|---|---|--|---|
| <ul style="list-style-type: none"> ✓ have read the Prospectus in full; ✓ have received a copy of the electronic Prospectus or a print out of it; ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus. ✓ Declare that the Application Form and all details and statements made by me/us are complete and accurate; | <ul style="list-style-type: none"> ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus; ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company; ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it; | <ul style="list-style-type: none"> ✓ apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus); ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion; ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us; | <ul style="list-style-type: none"> ✓ am/are over 18 years of age; ✓ agree to be bound by the constitution of the Company; ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital; ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; | <ul style="list-style-type: none"> ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia; and ✓ Declare that I/we give the representations set out in section 7.8 of the Prospectus |
|--|---|---|--|---|

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

A If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 454 Shares representing a minimum investment of \$2,000). Multiply by \$4.41 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**.

C Write your **full name**. Initials are not acceptable for first names.

D Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**

F Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.

G Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.

H Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies.

Note that **ONLY** legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below.

[illegible]

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

CleanSpace Holdings Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and disclosures your information please contact the Company at the address or telephone number shown in the Prospectus.

Corporate Directory

Company's registered office

CleanSpace Holdings Limited

16-18 Carlotta Street
Artarmon NSW 2064

SaleCo's registered office

CleanSpace SaleCo Limited

16-18 Carlotta Street
Artarmon NSW 2064

Joint Lead Managers and Underwriter

Wilson's Corporate Finance Limited

Level 32, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Bell Potter Securities Limited

Level 29, 101 Collins Street
Melbourne VIC 3000

Legal Adviser

Gilbert + Tobin

Level 35, Tower 2
200 Barangaroo Avenue,
Barangaroo NSW 2000

Investigating Accountant

PKF Corporate Finance (NSW) Pty Limited

Level 8, 1 O'Connell Street
Sydney NSW 2000

Tax Advisor

PKF Sydney Pty Ltd

Level 8, 1 O'Connell Street
Sydney NSW 2000

Auditors

PKF(NS) Audit & Assurance Limited

Level 8, 1 O'Connell Street
Sydney NSW 2000

Share Register

Boardroom Pty Limited

Level 12, 225 George Street,
Sydney NSW 2000



CleanSpace®
RESPIRATORS

