CleanSpace Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	CleanSpace Holdings Limited
ABN:	91 150 214 636
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	73.2%	to	13,358,258
Loss from ordinary activities after tax attributable to the owners of CleanSpace Holdings Limited	down	199.1%	to	(11,281,435)
Loss for the year attributable to the owners of CleanSpace Holdings Limited	down	199.1%	to	(11,281,435)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax amounted to $11,281,435 (30 June 2021: profit of $11,387,122).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	38.80	52.88

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

---

8. Details of associates and joint venture entities

Not applicable.

---

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

International Financial Reporting Standards (IFRS)

---

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

---

11. Attachments

Details of attachments (if any):

The Annual Report of CleanSpace Holdings Limited for the year ended 30 June 2022 is attached.

---

12. Signed

Signed ______________________ Date: 25 August 2022

CleanSpace®
RESPIRATORS

Annual Report | 2022

CleanSpace Holdings Limited
and its Controlled Entities

ABN 91 150 214 636

CleanSpace is a specialist designer and manufacturer of advanced respiratory protection solutions for healthcare and industrial markets. Founded by a team of biomedical engineers with experience in respiratory medical devices, CleanSpace is passionate about continually improving health outcomes and safety standards of care for people who need it most. In the last 20 years, technology has driven unprecedented advances in medical equipment and transformed people's health. We have brought this to personal respiratory protection. The Company continues to invest in research and development programs resulting in advanced design and approved products that provide compelling employer and user benefits. CleanSpace Respirators are a true game changer.

The global market for respiratory protection is estimated to grow to US$10B with 6% CAGR over the next 6 years[1]. CleanSpace has leading technology and integrated solutions for large employers and their staff that significantly increases the level of personal protection (40 times more than disposable masks); improves ease of use and compliance; and achieves material cost efficiencies and sustainability for their operations. Higher protection for frontline workers means better health outcomes for millions of people, now and into the future.

[1] Global market insights 2021 https://www.gminsights.com/industry-analysis/respiratory-protective-equipment-market

CONTENTS

CHAIRMAN AND CEO LETTER

FOR THE YEAR ENDED 30 JUNE 2022

Dear Shareholders,

We are pleased to present the CleanSpace Annual Report for the year ended 30 June 2022.

The Company has navigated a period of significant change within its core PPE markets and now believes it has experienced the peak in disruption. The FY22 financial performance reflected turbulent market conditions which followed previous COVID fuelled sales in FY21; with 2H FY22 marginally weaker in sales (vs 1H FY22) indicating overstocking and supply chain factors were still at play.

The Company has taken several initiatives during 2H FY22 and these are expected to mitigate any residual effect of these factors and materially grow revenue during the course of FY23.

Initiatives 2H FY22

1. In North America, the company made a material investment in a new, highly skilled sales force in Q3 which is now fully trained, deployed and meeting sales targets for the new financial year. It is expected that US sales will continue to ramp during FY23;
2. New sector-focused sales team for APAC that has materially enhanced momentum in the industrial and healthcare businesses;
3. Relationships with distributors have been reviewed with steps taken to enhance sales performance; and
4. Considerable costs in the form of head count and other costs were taken out of operations to mitigate the investment in the US and enhance efficiency.

PPE Markets

The stabilising of the PPE markets and improved purchasing patterns positively impacted the European industrial business - demonstrating a return to growth over 2H FY22. Europe, historically a growth industrial business, saw an uplift in sales as customer activity and investment returned after the extended lockdowns and supply chain disruptions. Higher sales levels look to continue in the new year.

In North America, healthcare sales were lower as purchasing patterns favoured traditional supply arrangements as healthcare providers dealt with the crisis in staff shortages and high disposable mask stockpiles. Recent positive indicators from the US investment, include healthcare sales returning to growth in the last quarter, with opportunities materialising as the new North American sales team strategically position CleanSpace technology to senior decision makers in healthcare groups and GPOs.

A consistent theme amongst US healthcare leaders is that 'living with ongoing outbreaks', unsustainable consumable PPE costs and staff absenteeism are driving change to superior respiratory protection for routine patient care.

Encouragingly, US Industrial sales in the second half were up 60% on PCP 2H FY21. The Company's technology has large opportunities in construction, manufacturing and mining sectors, consistent with traction seen in Europe and Australia.

In Asia the business moved to bring on experienced sales leaders with strong sector focus for the healthcare and industrial markets. This initiative is building positive momentum and anticipated to return this region to growth. CleanSpace's advanced PAPR technology, adopted by key customers across APAC/Japan in both public healthcare and industry, is setting a new standard to address major health concerns from silica and airborne infectious diseases.

Financial performance

The FY22 revenue result was a disappointing $13.4m (PCP $49.9m) recognising major COVID fuelled sales made in FY21 and the market turbulence experienced from extended lockdowns, disrupted and congested supply chains and stockpiling of disposable masks during FY22.

CleanSpace maintained a strong gross margin 73%, noting the shift toward industrial sales (via distribution channels) and higher freight costs over the year. The business has implemented price increases effective in 1H FY23.

Over the second half, the business moved to restructure the North America sales capability to leverage early entry in large healthcare and industrial markets in that country. The investment in US was largely accomplished through a redeployment of funds from other parts of the business (including material reductions in headcount), so as to keep any increase in operating expenses to a minimum.

The Board and management felt that the US opportunity for growth based on FY21 sales penetration was such that adding marginally to operating expenses to enhance sales and marketing capability in that market was a sensible deployment of capital.

CleanSpace continues to review opportunities to further reduce operating spend and is committed to a growth agenda with its strategy to achieve profitability and a sustainable business model.

Building Momentum

The Company pursues industry and healthcare partnerships that support validation of the technology's superior advantages: protection, comfort/ease of use and cost effectiveness. Two major projects (US clinical study and Australian industrial study) were completed over FY22. The studies resulted in several publications and a White Paper that confirm successful use and adoption in routine patient care settings and that CleanSpace PAPRs provide reliable high protection (40+ times higher than disposable masks) during typical work tasks with staff exposed to hazardous respirable silica.

Large US hospitals, who deployed CleanSpace Halo in routine care settings in FY20, continued to reorder, indicating ongoing use even during low COVID infections levels. New opportunities have opened up with several hospital groups looking to replicate deployment models (similar to University of Maryland) to replace N95s in routine care settings. To facilitate growth in healthcare sales, the sales team are leveraging GPO and US Government defence relationships and building partnership models to access high volume sales opportunities.

Through FY22, the business continued to build market share in the mining sector in US and Australia. In 2H FY22 five new US mining clients were onboarded (and are set to grow) and several mines have MSHA* submissions pending and anticipated to come on in FY23. In Australia after lockdowns, renewed pressure from regulators around silica, is triggering resource and construction material companies to upgrade to higher PAPR protection. In these operations, reliable and practical devices are recognised as imperative to manage compliance and employers' liability risks.

With European markets open, there is renewed activity from existing industrial customers. Several accounts, (market leaders in their respective sectors - waste management, chemical, transport and metal) have restarted their plans to roll out CleanSpace across their European operations. Indicative of this, CleanSpace has appeared on world news reports on Notre Dame (Paris); in 2018, CleanSpace was the personal protection choice for the original contract teams. Then in 2019 the fire investigators and now recently in 2022, for the contractors conducting works to restore this famous icon.

* MSHA The Mining Safety and Health Administration is an agency of the US Department of Labor which develops and enforces safety and health rules for all U.S. mines, and provides technical, educational and other types of assistance to mine operators.

Governance

In 1H FY22, a new Chair, Bruce Rathie, was appointed as part of the Board renewal. Subsequent to Mr Rathie's appointment, two independent directors, Lisa Hennessy and Graham McLean joined the CleanSpace Board to replace retiring long time directors, William Highland, Craig Lawn and Ron Weinberger. Incoming directors collectively brought contemporary sales and marketing experience and successful technology growth in medical device, healthcare and North American markets. This experience contributed to the strategic review that shaped the market initiatives set to meet the business's growth ambitions.

Outlook

The company believes it has experienced peak disruption to its healthcare and industrial markets globally given lockdowns are no longer favoured, increasing customer activity, supplies of disposables are being run down and a recognition that PAPRs are the best protection for staff in both the healthcare and industrial settings.

Add to this (1) the investment made in our sales and marketing team in the US market – one of the largest PPE markets in the world - to capitalise on the significant initial healthcare sales made in the prior year; (2) the strong recovery of the European industrial market in FY22 which is expected to roll on in FY23 and (3) the enhanced sales and marketing initiatives taken in APAC markets, it is anticipated that FY23 will be materially stronger financially for the company than FY22.

The business retains strong fundamentals that support growth; proven and leading-edge technology, robust high gross margin (70%+), corporate customer retention and established distribution channels. These fundamentals, along with the new sales initiatives, support the return to growth and profitability.

Finally, we would like to thank our shareholders, customers, staff, suppliers, distributors and business partners. We appreciate your support and commitment to our vision to deploy our Australian leading technology to create a global business that positively changes workplace safety to improve millions of lives.

Dr Alex Birrell
CEO

Bruce Rathie
Chairman

FY22 HIGHLIGHTS

OPERATIONAL OVERVIEW

The business navigated residual headwinds through FY22 reflected in a significantly lower revenue result of $13.4m (PCP $49.9m), recognising major COVID-19 fuelled sales made in FY21 and the market turbulence experienced from extended lock downs, disrupted and congested supply chains and stockpiling of disposable masks during FY22.

FINANCIAL PERFORMANCE

REVENUE

$13.4M

▼ FY21 $49.9m

GROSS MARGIN

73%

▼ FY21 77%

CASH AT BANK

$24.3M

AS AT 30 JUNE 2022

US SALES & MARKETING INVESTMENT

LEVERAGES EARLY ENTRY INTO LARGE HEALTHCARE AND INDUSTRIAL SECTORS

OPERATING SPEND

ONGOING INITIATIVES TO REDUCE COSTS AND IMPROVE OPERATING EFFICIENCIES

NAVIGATING DISRUPTED MARKET CONDITIONS

Despite the challenges over the last 12 months, the pandemic has been transformative for our markets. By accelerating i. broad education of high level protection in frontline workers at risk of airborne hazards; ii. the critical importance of supply chain security; and iii. focus on sustainable operations that reduce environmental impact.

Emergence of Pandemic CY20

- Rapid escalation of COVID in largely unprepared markets
- High demand and urgent purchasing patterns in healthcare
- Global shortage of PPE drove high demand and over-purchasing
- Regulators in Emergency Mode. Focus on hand washing and PPE education

Global Transition 2H FY21

- Vaccines available. Focus on aggressive vaccine program roll outs
- Prolonged lockdowns and lower business activity
- Surplus PPE on the market
- Purchasing patterns: customers and channels overstocked / over supplied

Residual Disruption & Recovering Market FY22

- Extended lockdowns (1H) eased and industrial markets open up (2H)
- Supply chains disruptions impacting recovery of industrial activity
- Surplus mask stocks running down
- Healthcare staff shortages restrict sales visits and slow adoption of new technology

STABILISING PPE MARKETS AND IMPROVING PURCHASING PATTERNS

Through the period, the business continued to support its existing customers and aggressively pursue opportunities in sectors less impacted by surplus PPE such as pharmaceutical and chemical.

The 2H FY22 was marginally weaker in sales (vs 1H FY22) as pandemic headwinds were still at play and the US business experienced a temporary impact from the sales restructure.

CleanSpace generates a strong gross margin from its proprietary leading technology. The slightly lower margin 73% in FY22, was due to a shift toward industrial sales (via distribution channels) and higher freight costs over the year. The business has implemented price increases effective in 1H FY23.

The company believes it has experienced peak disruption to its markets. The new initiatives taken are generating positive sales momentum.

NEW INITIATIVES

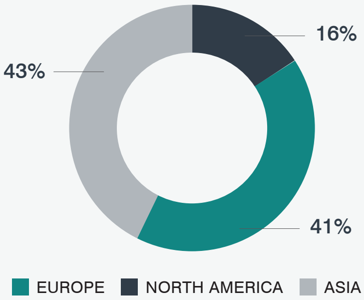
Industrial and healthcare initiatives taken during 2H FY22 are expected to mitigate any residual effect of pandemic factors and are generating positive sales momentum.

1. **North America.** The business made a material investment in a new, highly skilled sales force in the United States (US) in Q3 which is now fully trained, deployed and meeting sales targets for the new financial year. It is expected that US sales will continue to ramp during FY23.
2. **Asia.** Implementation of new sector-focused sales teams has improved momentum in the industrial and healthcare businesses.
3. **Distribution.** Relationships with distributors were reviewed with steps taken to enhance sales performance and take advantage of improving market conditions.
4. **Cost base.** Considerable costs in the form of head count and other costs were taken out of operations to mitigate the investment in the US and enhance efficiency.

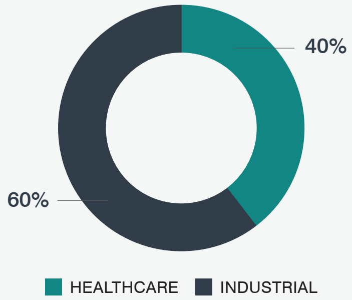
FY22 HIGHLIGHTS

MARKET OVERVIEW

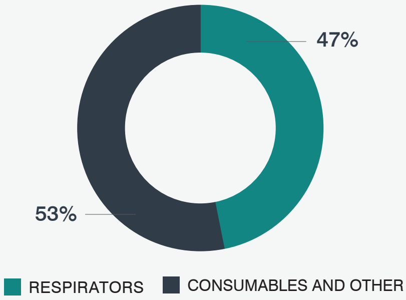
REVENUE BY REGION FY22



REVENUE BY SECTOR FY22



REVENUE BY PRODUCT FY22



Europe

Historically a strong growth industrial business, this market is opening up. There has been a consistent uplift in sales over 2H FY22, as customer activity and investment returned. Higher sales levels look to continue in the new year.

Corporate customers (market leaders in their respective sectors - waste management, chemical, transport and metal) recently restarted their plans to roll out CleanSpace in their European operations.

The sales teams are aggressively pursuing growth in the improved market conditions which are expected to further improve during FY23.

NOTE DAME, PARIS

CleanSpace PAPR was the personal protection choice for fire investigators and subsequently the contractors conducting the current restoration.

North America

Healthcare sales were lower as purchasing patterns favoured traditional supply arrangements as healthcare providers dealt with the crisis in staff shortages and high disposable mask stockpiles. The initiative to invest in US sales and marketing capability is gaining momentum; healthcare sales returned to growth in the last quarter with opportunities materialising as the new team strategically position CleanSpace technology to senior decision makers in healthcare groups and GPOs.

Encouragingly, US Industrial sales in the second half were up 60% on PCP 2H FY21. The Company's technology has sizeable opportunities in construction, manufacturing and mining sectors, consistent with traction seen in Europe and Australia. In 2H FY22 five new mining clients were onboarded (and set to grow) and several mines, with MSHA submissions pending, are anticipated to come-on in FY23.

Asia

Early in FY22, regional healthcare sales benefited from hospital adoption of our TGA approved PAPR technology. Over the second half, subsequent healthcare worker shortages and high infection rates, limited hospital visits and slowed roll outs.

As in Europe, industrial markets are improving. Renewed pressure around respirable silica from regulatory inspectors (after 1H lockdowns), is triggering resource and construction material companies to upgrade to PAPR protection.

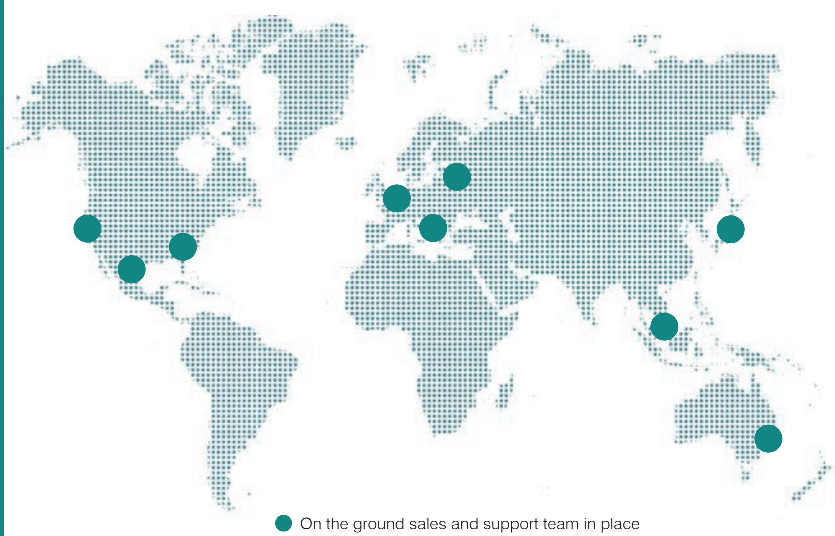
In 2H FY22, the business brought on APAC sales leaders with strong sector focus. This initiative is building positive momentum, and improving market conditions are anticipated to return this region's sales to growth. CleanSpace's advanced PAPR technology, adopted by key customers in both public healthcare and industry, is setting a new standard to address major health concerns from silica and airborne infectious diseases.

Distribution

CleanSpace's channels to market employ direct and distribution partner models to execute its 'land and expand' strategy targeting large enterprises. Even within the distribution model, the sales teams actively pursue direct corporate customer engagement that positions CleanSpace as a specialist in respiratory protection to support successful deployment of its technology. In FY22 commercial contracts were put in place with government health providers and service arrangements were established for industrial customers in Australia and Europe.

Through the year the relationships with distributors were reviewed, with steps taken to enhance sales performance. These renewed arrangements are benefiting from renewed customer activity, and business investment.

Ongoing purchasing from hospital reference sites indicate continued use during low COVID activity. New opportunities are emerging with several hospital groups evaluating solutions to replace N95s in routine care settings.



FY22 HIGHLIGHTS

BUSINESS FUNDAMENTALS PROVEN TO DELIVER AT SCALE

The business operates a lean and scalable model benefiting from co-located operations, R&D and corporate teams in Sydney; with regional sales and customer support teams based in North America, Europe and Asia.

New investment in sales capability has added quality sales professionals with successful track records in growth in healthcare and industrial markets.

FLEXIBLE PRODUCTION COST BASE

- Skilled labour with the right mix of variable cost to maintain high gross margins and quality
- Modular product design enables inventory flexibility, cost efficiencies and mitigation against supply disruptions.

WORLD CLASS MANUFACTURING FACILITY

- Sydney facility with low capex cost <$2m
- Scalable production with capacity $100m (1 x daily shift, 5 days per week)
- Business continuity plans encompass ability to hold stock and COVID safe operations

UPGRADED BUSINESS & SALES SYSTEMS

- Upgraded ERP and CRM integrated platforms
- Real time production and sales data capture and business process control with automated business reporting
- Integrated CRM enhancing digital marketing and ecommerce programs

DEMONSTRATED SCALABLE MODEL

- Initiatives taken in 2H (including US sales investment) expected to return business growth
- Distributor reset to enhance sales performance as purchasing patterns normalise
- Leading technology with product extension and renewal strengthens sales in new business and customer upsell

COST REDUCTIONS MITIGATE US INVESTMENT AND ENHANCE EFFICIENCY

FY22 operating expenses were $23.9m, 12% up from PCP FY21, largely driven by the increase in employee benefits as the business made investment in a new, highly skilled sales force in the US in Q3 to leverage early entry in large healthcare and industrial markets.

The new US team is now fully trained, deployed and meeting sales targets for the new financial year. It is expected that sales will continue to ramp during FY23. The US opportunity for growth, based on FY21 sales penetration, was such that adding marginally to operating expenses to enhance sales and marketing capability in that market was a sensible deployment of capital.

The US investment was largely accomplished through a redeployment of funds from other parts of the business (including reductions in headcount), so as to keep any increase in operating expenses to a minimum. A similar initiative in Asia, onboarded sector-focused sales leaders which has enhanced momentum in these industrial and healthcare businesses as well.

CleanSpace is committed to a growth agenda with its strategy to achieve profitability and a sustainable business model.

FY22 HIGHLIGHTS

ADVANCING LEADERSHIP IN TECHNOLOGY

The Company pursues industry leadership initiatives and partnerships that support validation of the technology's superior advantages: protection, comfort/ease of use and cost effectiveness.

Steri-Plus and AX Filter

New product approvals re-set the bar for PAPRs. The products enable our clients to benefit from a modern lightweight reliable protection system in their high risk settings - where it is potentially prohibitive to use traditional bulky belt-mounted devices. Steri-Plus is recommended for both sterile work (clinical, pharma and lab) and worker source control for vulnerable patients care. The AX gas filter protects against low boiling point organic gases (such as solvents) commonly used in chemical sectors.

Cloud solutions platform

Early trials of the mobile app with CleanSpace Halo, the first Bluetooth enabled respirator, were completed with over 30 hospitals in US, Europe and Asia. The trials generated positive results for viable integration and customer applications for commercial product. The work to develop the cloud platform, capturing and reporting real time data on user safety and device performance, is ongoing. While no private or patient information is captured, the team are responding to the evolving standards for data protection and cyber security.

Next generation technology

The program to advance it's core technology was accelerated through the year. The program aims to commercialise next generation devices with material improvements to the weight, performance and useability. It is intended the next models will respond to demand from industrial customers for real time data on the respiratory protection of frontline teams working with airborne hazards.

CleanSpace's technology strategy centres on development of lighter, smaller and smarter solutions.

PRECEPTORSHIP AND CLINICAL PROGRAMS

The Company pursues industry leadership initiatives and partnerships that support validation of the technology's superior advantages: protection, comfort and ease of workplace adoption.

University of Maryland

University of Maryland (Baltimore, USA) have CleanSpace PAPRs deployed in five hospitals and other clinical facilities. The collaboration resulted in completion of clinical trials and several publications (currently in review). Findings confirm:

- *Successful adoption (acceptance and compliance) by healthcare workers in routine care settings (emergency, ICU and COVID wards); and*
- *Validation of their reprocessing protocol (use of disinfection wipes) that eliminated contamination of COVID virus on the devices even after 8hrs of use. The simplified protocol dramatically improves device turn-around time and ease of use for healthcare workers.*

White Paper

The paper reports on a world-first study measuring real-time workplace protection factors of our advanced PAPRs worn by workers exposed to silica. The study examined the performance of our technology used by workers with facial hair undertaking typical tasks (talking, bending etc), during high exertion and removing/replacing their mask - all actions recognised to make paper N95 masks ineffective. The study was undertaken with participation of existing CleanSpace industrial customers and their staff working in construction materials and energy sectors. The study, outlined in the White Paper, confirmed:

- *CleanSpace PAPRs provided superior protection (over 40 times higher than disposable masks) consistently throughout the work sessions despite the challenges - facial hair, high exertion, mobility and user's own fitting of the mask. The CleanSpace technology delivered the wearers reliable positive pressure HEPA filtered airflow at all times.*

Photo courtesy of The Kirby Institute

> With this (CleanSpace HALO) gear now it's a lot more comfortable and we can do far more hours.
>
> *Associate Professor Stuart Turville, The Kirby Institute*

Photo courtesy of The Kirby Institute

This page left blank intentionally.

FINANCIAL REPORT

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Group') consisting of CleanSpace Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

DIRECTORS

The following persons were directors or officers of CleanSpace Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Director	Position
Bruce Rathie	Non-Executive Director and Chairman *(appointed 18 October 2021)*
Dr Alexandra Birrell	Executive Director and Chief Executive Officer
Lisa Hennessy	Non-Executive Director *(appointed 9 December 2021)*
Dan Kao	Executive Director and Director of Operations
Graham McLean	Non-Executive Director *(appointed 1 February 2022)*
William Highland	Non-Executive Director *(resigned 31 October 2021)*
Craig Lawn	Non-Executive Director *(resigned 31 December 2021)*
Dr Ronald Weinberger	Non-Executive Director and previous Chair *(resigned 31 January 2022)*

Bruce Rathie

Independent Chairman and Non-Executive Director

Interest in shares: nil
Interest in options: 600,000

Mr Rathie is an experienced company director having completed successful prior careers in law and investment banking. He practised as a partner in a large legal firm and acted as Senior Corporate Counsel to Bell Resources Limited in the early to mid-1980s. He studied for his MBA in Geneva and embarked on his investment banking career on his return to Sydney.

Mr Rathie was Head of the Industrial Franchise Group at Salomon Smith Barney in the late 1990s and led Salomons roles in the Federal Government's privatisations of Qantas, Commonwealth Bank and Telstra. He has over 20 years' experience as a professional non-executive company director and is currently Chair of 4DMedical Limited (ASX: 4DX) and Non-Executive Director of Cettire Limited (ASX: CTT) and PolyNovo Limited (ASX: PNV). In the medical device space, Mr. Rathie was previously Chairman of Anteo Diagnostics Limited and a Director of Compumedics Limited and USCOM Limited.

Mr Rathie is a member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee.

Dr Alexandra Birrell

Executive Director and Chief Executive Officer

Interest in shares: 2,798,962
Interest in options: 220,470

Dr Birrell is the CEO of CleanSpace. Dr Birrell holds degrees in veterinary medicine (USyd), PhD (medicine) and MBA (AGSM) and is member of the Australian Institute of Company Directors.

She has worked in senior management roles in the healthcare and technology sector for over 20 years'. Previously she worked at PricewaterhouseCoopers in healthcare advisory and then financial services in the Technology practice where she worked with federal and state government health and private client advisory work. She held senior management roles at Royal Prince Alfred Hospital in the areas of research delivery and was a member of the area health ethics committee for 7 years. Dr Birrell was appointed to the Board of Trustees of Museum of the Applied Arts and Sciences, NSW from 2016 – 2019. She is also a co-founder of Heads Over Heels, a sponsored network connecting CEOs of technology companies. Dr Birrell is a previous winner of AFR Women of Influence Awards and Chief Executive Women Scholarship.

Dr Birrell joined the Company in 2010 and has been a director since 2015.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

DIRECTORS (CONT.)

Lisa Hennessy

Independent Non-Executive Director
Interest in shares: nil
Interest in options: nil

Ms Hennessy is an American born Harvard business graduate and a highly experienced executive and company director with over 30 years of experience worldwide. Lisa has built an impressive career in Australia including her role as a successful angel investor and has extensive non-executive director experience across listed and private organisations.

Ms Hennessy is currently a Non-Executive Director of Adore Beauty Group Ltd (ASX:ABY) and Nitro Software Limited (ASX:NTO) and sits on the boards of Walter and Eliza Hall Institute of Medical Research Commercialisation Committee, and the Harvard Club of Victoria. She was previously on the board of Murray River Organics (ASX:MRG), Planet Innovation, FirstStep Investments and Arts Centre Melbourne Foundation. Prior to this, Lisa spent over a decade in strategy and M&A roles in the US, including Director of Strategy and M&A for Del Monte Foods, Director at GE Capital, and was also a Consultant at Bain & Company.

Ms Hennessy holds a Bachelor of Science (Electrical Engineering) from Purdue University, an MBA from Harvard Business School and is a graduate and member of the Australian Institute of Company Directors.

Ms Hennessy is Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.

Mr Dan Kao

Executive Director & Directors of Operations
Interest in shares: 2,530,000
Interest in options: 68,418

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.

Mr Graham McLean

Independent Non-Executive Director
Interest in shares: nil
Interest in options: nil

Mr McLean has financial and commercial experience within the medical technology sector. He also has an understanding of North America and UK listed entities having worked in finance and operations roles for international companies.

Mr McLean has worked with NYSE-listed Stryker for 16 years and has medical device and healthcare experience. At Stryker, Mr McLean held several senior positions including as president for Japan, Australia/New Zealand and Asia Pacific when he was based in Singapore and Hong Kong. Mr McLean was also responsible for transforming Asia Pacific including restructuring their China distribution. Prior to Stryker, he held senior finance and operation roles in Asia and Europe including international consumer brands Lion Nathan, Smiths Snackfoods (Pepsi), McVities (United Biscuits), United Distillers (Guinness) and Unilever.

Mr McLean is a Non-Executive Director of Universal Biosensors, Inc. (ASX:UBI), an advisor to Bain & Company and GLG and a board member of Suicide Prevention Australia. He holds a Bachelor of Science (Geography) from Durham University, is a CPA, a Fellow of The Chartered Institute of Management Accountants and a graduate of the Australian Institute of Company Directors.

Mr McLean is Chairman of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

JOINT COMPANY SECRETARIES

Ms Elizabeth Harvey

Chief Financial Officer and Joint Company Secretary
Interest in shares: 458,065
Interest in options: 88,562

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 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.

JOINT COMPANY SECRETARIES (CONT.)

Ms Elissa Hansen

Joint Company Secretary

Elissa Hansen is a Chartered Secretary with 20 years' experience as a Company Secretary. Elissa has acted as the Company Secretary for a range of ASX listed companies. Elissa is a Fellow of the Institute of Chartered Secretaries Australia, a Graduate Member of the Australian Institute of Company Directors and has a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance.

BOARD AND COMMITTEE MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director are shown in the following table. The Committees' charters are available on the Company's website.

	Board of Directors		Audit and Risk Committee		Remuneration & Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Bruce Rathie	8	8	3	3	2	2
Dr Alexandra Birrell	11	11	-	-	-	-
Lisa Hennessy	7	7	3	3	2	2
Dan Kao	11	11	-	-	-	-
Graham McLean	6	6	3	3	2	2
Craig Lawn	5	5	1	1	-	-
William Highland	3	3	1	1	-	-
Dr Ronald Weinberger	5	5	1	1	-	-

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were the design, manufacture and sale of respirators and related products and services. The respirator solutions use proven, patented technology and miniaturisation design (collectively called AirSensit™) that significantly improve personal respiratory protection against dust, biological and gas airborne hazards.

There have been no significant changes in the nature of these activities during the year.

OPERATING AND FINANCIAL REVIEW

The Company aims to deliver a new standard in personal respiratory protection in global industrial and healthcare markets. Through continual technology innovation, expertise in regulatory affairs and successful reference site adoption, CleanSpace is driving market awareness and penetration into key applications for frontline workers. CleanSpace advanced solutions enable managers and their staff to evolve their respiratory protection programs to dramatically improve protection (40 x compared to disposable masks) and manage risk through real time data on staff protection, compliance and fleet performance.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $11,281,435 (30 June 2021: profit of $11,387,122).

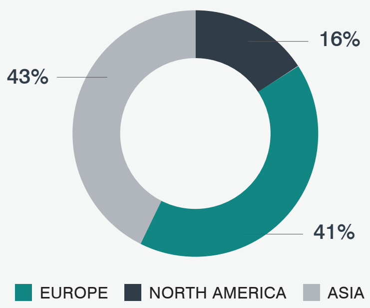
A summary of the results for the year is below:

	Year ended 30 June 2022 $	Year ended 30 June 2021 $	Change %
Revenue from sales of goods and services	13,358,258	49,925,566	73 U
Cost of sales	(3,606,214)	(11,543,547)	69 F
Gross profit	9,752,044	38,382,019	75 U
Operating expenses (excluding depreciation)	(23,855,355)	(21,333,319)	12 U
Other income	38,552	157,039	75 U
EBITDA	(14,064,759)	17,205,739	182 U
Depreciation, amortisation and impairment	(1,005,373)	(1,180,209)	15 F
Interest income/(expense) net	(206,838)	(68,739)	201 U
Income tax benefit/(expense)	3,995,533	(4,569,669)	187 F
(Loss)/profit after tax	(11,281,435)	11,387,122	199 U

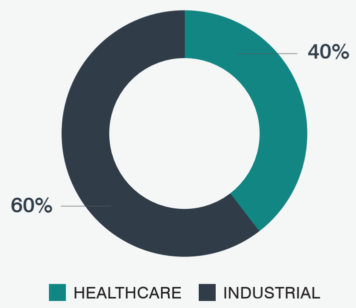
Sales, gross profit and margin

Sales for the year were $13.4 million, a decrease of 73% over the prior year; recognising major COVID fuelled sales made in FY21 and the market turbulence experienced from extended lock downs, disrupted and congested supply chains and stockpiling of disposable masks during FY22. This dynamic is reflected in the shift in regional and sector sales split illustrated in the graphs below.

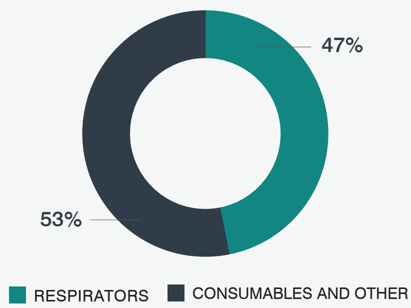
REVENUE BY REGION FY22



REVENUE BY SECTOR FY22



REVENUE BY PRODUCT FY22



FY22 regional sales were Asia 43% (FY21:31%), Europe 41% (FY21:24%) North America 16% (FY21:45%). The regional shift reflected the decline in healthcare sales in North America and Asia from the prior half. FY22 healthcare sales were 40% of revenue compared with 72% in the prior year. Consumables, accessories, and other revenue (CA&S) contributed 53% of total revenue for the year.

CleanSpace maintained its high gross margin (GM) at 73%. The GM was slightly down on the prior year (FY21:77%) reflecting a shift in the product mix that favoured industrial models (sold through distribution channels compared to direct to healthcare) and higher freight costs. Gross profit was $9.8 million compared with $38.4 million in the prior year.

REVIEW OF OPERATIONS (CONT.)

Operating expenses (excluding depreciation)

Operating expenses consist of:

	Year ended 30 June 2022 $	Year ended 30 June 2021 $	Change %
Employee benefits and staff related expenses	13,975,534	10,500,462	33 U
Marketing and selling expenses	4,054,498	3,677,363	10 U
Research, development and intellectual property expenses	1,530,308	1,382,770	11 U
Other operating expenses	4,295,015	5,772,724	26 F
Total	23,855,355	21,333,319	12 U

- Employee benefits and staff related expenses increased through investment in USA sales and marketing capability. The Company recognises the large potential of North America for both healthcare and industrial sectors and for broad adoption of its advanced technology. The investment in North America brings in C-suite experience to secure deeper key customer engagement, corporate partnerships and government contracts that are anticipated to deliver sustained material growth in this market. The investment in US was largely accomplished through a re-deployment of funds from other parts of the business (including material reductions in headcount) so as to keep any increase in operating expenses to a minimum. The Board felt that the US opportunity for growth based on FY21 sales penetration was such that adding marginally to operating expenses to enhance sales and marketing capability in that market was a sensible deployment of capital. Employment costs remain the largest expense.
- Marketing and selling expenses were up 10% as a result of investment to accelerate government awareness to gain access to funding opportunities. Marketing spend in 2H FY22 was lower as the business's own sales teams were able to take over this initiative.
- Research, development and intellectual property (IP) expenses, while broadly in line with previous years, was up 11% on the prior year due to timing of spend with new product development and patent costs.
- Other operating expenses decreased by 28%. This category includes general and administrative expenses such as public company costs, professional services, occupancy costs, travel and insurance. The prior year included $1.2 million in costs associated with the IPO. The Company continues to adapt to the current market dynamic, improve operating efficiencies and manage its cash position. Key movements in the current financial year include:
  - Legal and professional fees, which decreased by 47%, or $1,006,897, mainly attributable to legal and advisory fees in relation to the IPO in 2020. This category of expenses also includes fees and share based payments made to Directors, which decreased by $0.17 million.
  - Occupancy costs decreased by $0.12 million. The prior year included costs associated with the move from Artarmon to St Leonards.
  - Other administration costs, which decreased as the prior year including ASX and ASIC fees associated with the listing of $0.3 million.

Other income

Other income decreased by 75% due to a reduction in government grants received (EMDG and ATO cash-flow boosts) from the prior year.

Depreciation, amortisation and impairment expenses

Depreciation, amortisation and impairment expenses decreased by 15% as CleanSpace operations consolidated from two facilities (in FY21) to the St Leonards facility.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

REVIEW OF OPERATIONS (CONT.)

Interest income/(expense) net

Net interest expense increased from $68,739 in FY21 to $206,838 in FY22 due to the increased Australian CPI rate (which is the interest rate on the NSW Medical Device Fund loan).

Income tax benefit/(expense)

The income tax benefit includes the impact of the research and development tax incentive.

FINANCIAL POSITION

The following table provides a snapshot of important balances from the Group's statement of financial position as at 30 June 2022:

	As at 30 June 2022 $	As at 30 June 2021 $	Movement %
Cash (including term deposits)	24,302,687	38,241,372	(36)
Borrowings	(2,532,096)	(2,387,275)	(6)
Inventories	3,744,154	4,609,942	(19)
Net assets	29,753,260	40,729,000	(27)

The company's balance sheet remains strong with cash of $24.3 million and minimal debt at 30 June 2022. The cash level decreased from $38.2 million to $24.3 million due to the operating losses incurred in FY22.

Inventory levels decreased, responding to the sales levels, while supply risk management strategies remain in place and the company continues to be well positioned to respond to potential supply constraints.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, other than the matters described above and in the Chairman and CEO Letter, and the FY22 Highlights on pages 2 to 11 of this report, there were no significant changes in the state of affairs of the Group during the financial year under review and to the date of this Annual Report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on expected results of the operations are in the Chairman and CEO Letter, and the FY22 Highlights on pages 2 to 11 of this Annual Report.

The current environment makes accurate forecasting challenging. Further information on likely developments in the operations of the Group and the expected results of operations have not been included in the Annual Report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

RISK MANAGEMENT

The Board takes a proactive approach to risk management. Risks are actively monitored and managed by the Company's Board Audit and Risk committee who assists the Board in fulfilling its responsibility to the oversight of the Group's risk profile.

KEY BUSINESS RISKS

The nature of the Group's business exposes it to certain risks. The Board, through its Audit and Risk Management Committee, regularly reviews the possible impact of these risks and seeks to minimise the impact through a commitment to its corporate governance principles and its various risk management functions. A number of specific risk factors that may impact the future performance of the Group are described below. Shareholders should note that this list is not a comprehensive lists of the risks involved.

a) Executing growth strategies

CleanSpace devotes significant time and resources to developing, monitoring, and reviewing the business strategy. The strategic initiatives, together with the Company's ability to successfully execute them, are critical to its future success and a return to sales growth. There are external risks associated with the implementation of these plans. The Board is confident that its thorough approach to the development, review, and execution of its strategy greatly reduces risk in this area.

b) Talent management risks

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

The Group's priority remains taking care of its people and this risk is monitored closely in all markets.

c) Operations and supply chain

Given the escalation in corporate cybercrimes, the business is working with partners to ensure its cyber security continues to meet the evolving requirements. The Group monitors and closely manages the ongoing supply chain risks, including reliance on suppliers of key materials in Asia and global shortages of certain materials.

No major disruption has occurred to the Group's global operations and supply chains over the last 12 months. Business continuity plans are in place that include risk mitigation strategies, and the business is well positioned to meet expected sales demand.

ENVIRONMENTAL REGULATION

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. The Board has determined the KMP of the Group are the individuals whose details are set out below.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT (AUDITED) (CONT.)

Name	Position	Term
Non-Executive Directors		
Bruce Rathie	Non-Executive Director and Chair	From 18 October 2021
Lisa Hennessy	Non-Executive Director	From 9 December 2021
Graham McLean	Non-Executive Director	From 1 February 2022
William Highland	Non-Executive Director	To 31 October 2021
Craig Lawn	Non-Executive Director	To 31 December 2021
Dr Ronald Weinberger	Non-Executive Director and former Chair	To 31 January 2022
Executives		
Dr Alexandra Birrell	Executive Director and Chief Executive Officer	Full financial year
Dan Kao	Executive Director and Director of Operations	Full financial year
Elizabeth Harvey	Chief Financial Officer and Joint Company Secretary	Full financial year

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional disclosures relating to key management personnel.

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

REMUNERATION REPORT (AUDITED) (CONT.)

Principles used to determine the nature and amount of remuneration (cont.)

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting.

The Group has entered into an appointment letter with each of its non executive directors. The annual fees awarded to Directors are as follows:

Base Fee	From 18 Oct 2021	From 21 Oct 2020
Chair	$150,000	$143,157
Director	$76,750	$76,750

The following annual committee fees are payable to the Audit Committee and the Remuneration and Nomination Committee (with effect from 21 October 2020):

Committee Fees	Chairman Fee $	Member Fee $
Audit & Risk Management Committee	$15,000	$6,468
Remuneration & Nomination Committee	$15,000	$6,468

Executive remuneration framework

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits (fixed remuneration);
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual performance, the overall performance of the consolidated entity and comparable market remunerations.

Performance-based (variable) remuneration

Performance-based remuneration for key management personnel includes:

- bonuses to reward individuals following an outstanding business contribution having regard to clearly specified performance targets; and
- equity based remuneration, reflecting the Groups medium and long-term performance objectives.

The Group has both a short-term incentive ('STI') program and a long-term ('LTI') incentive plan.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT (AUDITED) (CONT.)

Short-term incentive ('STI') program

In respect to the executives, the short-term incentive ('STI') program is designed to align the targets of the Group with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's can include (but are not necessarily limited to) the following elements:

- achievement of financial targets (e.g. revenue, earnings/profitability, operating expenses, cash flows);
- development and execution of strategic priorities;
- risk management;
- capital management; and
- product development.

The STI program for executives was last approved by the Board in August 2020. The STI is an annual incentive program, under which senior executive are eligible to receive an annual award if they satisfy challenging strategic, operational and individual performance targets. Senior executives will be entitled to a STI up to a maximum dollar amount. The maximum amount will differ between individuals.

STI payments, if granted, are paid out within three months of the end of the performance period. The Board may, in its discretion, vary the payment period.

Long-term ('LTI') incentive plan

The long-term incentives ('LTI') include long service leave and share-based payments. The Company 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), 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 otherwise, 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.

REMUNERATION REPORT (AUDITED) (CONT.)

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"[1] 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 case settled, or settled with securities other than ordinary shares.

[1] 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.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT (AUDITED) (CONT.)

Change of control (cont.)	**Default treatment on a change of control:** – 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. – 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 requested 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.

REMUNERATION REPORT (AUDITED) (CONT.)

Consolidated entity performance and link to remuneration

The Company aims to align its executive remuneration to our strategic and business objectives, which will ultimately lead to the creation of shareholder wealth. The table below shows the measures of the Groups' financial performance over the last five years:

	30 June 2022 $	30 June 2021 $	30 June 2020 $	30 June 2019 $	30 June 2018 $
Sales revenue	13,358,258	49,925,566	28,405,539	11,221,827	7,723,662
Gross profit margin	73%	77%	74%	68%	69%
(Loss)/profit after income tax	(11,281,435)	11,387,122	5,922,149	(1,064,292)	(1,096,656)
Total comprehensive (loss)/income attributable to the owners of CleanSpace Holdings Limited	(11,276,077)	11,386,689	5,933,144	(1,064,292)	(1,096,656)
Cash flow from operations	(12,862,833)	13,456,596	4,707,349	(942,120)	(1,064,086)
Share price*	0.74	1.54	n/a	n/a	n/a

*Company listed in October 2020.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT (AUDITED) (CONT.)

Details of remuneration

Details of the remuneration of KMPs of the company are set out in the following tables.

	Short-term benefits			Post-employment	Long-term benefits and incentives		Total
	Salary and fees $	Cash bonus[1] $	Annual leave accrued/ (used) $	Superannuation contributions $	Long service leave accrued $	Options[2] $	$
Non-Executive Directors							
Bruce Rathie							
2022	**93,448**	**-**	**-**	**9,345**	**-**	**63,474**	**166,267**
2021	-	-	-	-	-	-	-
Lisa Hennessy							
2022	**49,207**	**-**	**-**	**4,921**	**-**	**-**	**54,128**
2021	-	-	-	-	-	-	-
Graham McLean							
2022	**37,204**	**-**	**-**	**3,720**	**-**		**40,924**
2021	-	-	-	-	-	-	-
Dr Ronald Weinberger *(resigned 31 January 2022)*							
2022	**79,038**	**-**	**-**	**7,904**	**-**	**-**	**86,942**
2021	121,004	-	-	10,189	-	120,000	251,193
Craig Lawn *(resigned 31 December 2021)*							
2022	**44,464**	**-**	**-**	**4,464**	**-**	**-**	**49,108**
2021	69,710	-	-	6,052	-	120,000	195,762
William Highland *(resigned 31 October 2021)*							
2022	**27,302**	**-**	**-**	**2,730**	**-**	**-**	**30,032**
2021	63,755	-	-	6,057	-	120,000	189,812
Clement Doherty *(resigned 28 August 2020)*							
2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2021	4,000	-	-	-	-	-	4,000
Subtotal – Non-Executive Directors							
2022	**330,843**	**-**	**-**	**33,084**	**-**	**63,474**	**427,401**
2021	258,469	-	-	22,298	-	360,000	640,767
Executives							
Dr Alex Birrell							
2022	**438,039**	**-**	**1,243**	**43,804**	**19,068**	**71,214**	**573,368**
2021	460,733	-	53,873	21,110	42,530	80,554	658,800
Dan Kao							
2022	**305,404**	**-**	**(17,980)**	**30,540**	**13,354**	**22,100**	**353,418**
2021	319,481	-	46,899	16,462	31,004	24,998	438,844
Elizabeth Harvey							
2022	**296,727**		**2,114**	**29,673**	**4,386**	**28,607**	**361,507**
2021	310,524		22,190	15,875	10,294	32,358	391,241
Subtotal – Executives							
2022	**1,040,170**	**-**	**(14,623)**	**104,017**	**36,808**	**121,921**	**1,288,293**
2021	1,090,738	-	122,962	53,447	83,828	137,910	1,488,885
Grand total							
2022	**1,371,013**	**-**	**(14,623)**	**137,101**	**36,808**	**185,395**	**1,715,694**
2021	1,349,207	-	122,962	75,745	83,828	497,910	2,129,652

See footnotes overleaf

REMUNERATION REPORT (AUDITED) (CONT.)

Details of remuneration (cont.)

[1] The Executives, the Remuneration and Nomination committee and the Board agreed that no cash bonus (STI) be paid in the year ended 30 June 2022 (2021: $0).

[2] The amounts included in the table above in respect of options granted under the equity-based payments component of remuneration represent the amortization of the fair value at date of grant over the expected life of the option or share taking into account the terms and conditions upon which the instruments were granted.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022 and up to the date of this report.

Options

The table below discloses the number of share options granted to KMPs during the current year. Share options are options over ordinary shares in CleanSpace Holdings Limited, do not carry any voting or dividend rights, and can only be exercised when the vesting conditions have been met until their expiry date.

2022	Granted (no.)	Grant date	Fair value per option at grant date	Exercise price	Expiry date	Vesting date
Director						
Bruce Rathie	200,000	29-Nov-21	$0.215	$2.18	18-Jan-25	18-Oct-22
Bruce Rathie	200,000	29-Nov-21	$0.265	$2.18	18-Jan-25	18-Oct-23
Bruce Rathie	200,000	29-Nov-21	$0.315	$2.18	18-Jan-25	18-Oct-24

The grant of 600,000 options to Bruce Rathie was approved at the AGM held by the Company on 29 November 2021.

Service arrangements – Executives

Remuneration and other terms of employment for key management personnel are formalized in service agreements. Details of these agreements are as follows:

Components	Requirement		
	Dr Alex Birrell	Dan Kao	Elizabeth Harvey
Fixed remuneration including superannuation*	$481,843	$335,944	$326,400
Variable cash bonus (maximum)*	$148,157	$114,056	$117,600
Fixed versus variable (%)*	76% / 24%	75% / 25%	74% / 26%
Variable - other	Participation in the Group's LTI		
Contract duration	Ongoing		
Termination of employment (without cause) by the Company or by individual	3 months' notice		
Termination of employment (for cause) by the Company	Terminated immediately		

*Effective 1 July 2020 and subject to annual review.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

REMUNERATION REPORT (AUDITED) (CONT.)

Expected changes to remuneration arrangements for KMPs for 2023

The Remuneration and Nomination Committee has recently reviewed the remuneration arrangements for the KMP executives. The Committee has recommended to the Board that the at-risk or variable component (VC) be in the form of Performance Rights instead of a cash bonus. This change is in an effort to conserve cash, further align executive remuneration with shareholder interests and assist in the motivation and retention of executives.

The arrangements for Alexandra Birrell and Dan Kao will be subject to Shareholder approval and further details of the proposed changes (including the performance vesting period and conditions) will be provided in the Notice of Meeting for the 2022 AGM.

KMP equity movements

Movements in equity interests held during the financial year by KMP, including their personally related parties are set out below.

	Instrument	Balance at 1 Jul 2021 or date of KMP commencement	Granted FY22 Date	Granted FY22 No.	Vested during FY22	FY2022 Purchase	Other**	Balance at 30 June 2022
Non-Executive Directors								
Bruce Rathie	Unvested Options	-	29-Nov-21	600,000	-	-	-	600,000
Dr Ronald Weinberger	Ordinary Shares	74,654	-	-	-	-	(74,654)	-
	Vested Options*	113,207	-	-	-	-	(113,207)	-
Craig Lawn	Ordinary Shares	1,001,871	-	-	-	-	(1,001,871)	-
	Vested Options*	113,207	-	-	-	-	(113,207)	-
William Highland	Ordinary Shares	128,915	-	-	-	-	(128,915)	-
	Vested Options*	113,207	-	-	-	-	(113,207)	-
Executive Directors								
Dr Alex Birrell	Ordinary Shares	2,798,962	-	-	-	-	-	2,798,962
	Unvested Options^	220,470	-	-	-	-	-	220,470
Dan Kao	Ordinary Shares	2,530,000	-	-	-	-	-	2,530,000
	Unvested Options^	68,418	-	-	-	-	-	68,418
Executives								
Elizabeth Harvey	Ordinary Shares	458,065	-	-	-	-	-	458,065
	Unvested Options^	88,562	-	-	-	-	-	88,562

* Unexercised vested options issued to non-executive directors were cancelled 3 months after the directors resigned (in accordance with the Equity Plan rules)

^ The exercise price of the unvested executive options granted in 2020 is $4.41. They were granted on 22 October 2020 and expire on 21 October 2025. 50% vest on 25 August 2022, and 50% vest on or around 31 August 2023.

** Other represents no longer being designated as a KMP, not necessarily a disposal or forfeit of holding.

REMUNERATION REPORT (AUDITED) (CONT.)

Other transactions with key management personnel and their related entities

The following transactions occurred with related parties:

		Consolidated 2022 $	2021 $
KMP	**Payment for services from an Associate**		
Dan Kao	Rental of storage and car spaces	-	18,273
Dan Kao	Employment services	-	2,418
Elizabeth Harvey	Contractor - Business Development services	-	21,665

There were no receivables due from or to related parties at 30 June 2022 (30 June:2021:$0).

The terms of the transactions were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with unrelated entities on an arms-length basis.

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')

At the most recent AGM held by the Company on 29 November 2021, 99.5% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of CleanSpace Holdings Limited under option at the date of this report can be found in Note 38 to the financial statements.

Details of equity options granted to key management personnel and exercised during the year are set out in the remuneration report section of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of CleanSpace Holdings Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are listed below:

	Consolidated 2022 $	2021 $
Investigating Accountants review of the IPO prospectus and IPO tax advice	-	137,826
Tax compliance	65,939	40,585
Other	-	4,000
	65,939	182,411

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed above do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons::

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

AUDITOR

PKF(NS) Audit & Assurance Limited Partnership continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors.

Dr Alex Birrell
Director

Bruce Rathie
Director

25 August 2022

AUDITOR'S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of CleanSpace Holdings Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

STobutt

SCOTT TOBUTT
PARTNER

25 AUGUST 2022
SYDNEY, NSW

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2022

The financial statements cover CleanSpace Holdings Limited as a consolidated entity consisting of CleanSpace Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is CleanSpace Holdings Limited's functional and presentation currency.

CleanSpace Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

CleanSpace Holdings Ltd
Unit 5/39 Herbert St, St Leonards NSW 2065

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2022. The directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated 2022 $	2021 $
Revenue from the sale of goods and services			
Revenue from the sale of goods and services	3	13,358,258	49,925,566
Cost of sales		(3,606,214)	(11,543,547)
Gross profit		9,752,044	38,382,019
Other income	4	38,552	157,039
Expenses			
Employee benefits and staff related expenses	5	(13,975,534)	(10,500,462)
Depreciation, amortisation and impairment expenses	5	(1,005,373)	(1,180,209)
Legal and professional fees		(1,132,274)	(2,139,171)
Marketing and selling expenses		(4,054,498)	(3,677,363)
Administration and other operating expenses		(3,162,739)	(3,633,553)
Research, development and intellectual property expenses		(1,530,308)	(1,382,770)
Operating (loss)/profit		(15,070,130)	16,025,530
Finance income - interest		56,144	44,614
Finance costs	5	(262,982)	(113,353)
(Loss)/profit before income tax benefit/(expense)		(15,276,968)	15,956,791
Income tax benefit/(expense)	6	3,995,533	(4,569,669)
(Loss)/profit after income tax benefit/(expense) for the year attributable to the owners of CleanSpace Holdings Limited	39	(11,281,435)	11,387,122
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		5,358	(433)
Other comprehensive income/(loss) for the year, net of tax		5,358	(433)
Total comprehensive (loss)/income for the year attributable to the owners of CleanSpace Holdings Limited		(11,276,077)	11,386,689
		Cents	Cents
Basic earnings per share	37	(14.65)	15.37
Diluted earnings per share	37	(14.65)	15.04

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	Consolidated 2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	7	8,224,676	22,207,104
Trade and other receivables	8	2,466,456	2,442,573
Inventories	9	3,744,154	4,609,942
Other assets	10	663,025	476,710
Financial assets	12	16,078,011	16,034,268
Income tax receivable	13	2,818,595	-
Total current assets		33,994,917	45,770,597
Non-current assets			
Property, plant and equipment	14	1,991,927	1,947,727
Right-of-use assets	11	1,473,473	1,943,305
Deferred tax	15	895,643	1,055,248
Total non-current assets		4,361,043	4,946,280
Total assets		38,355,960	50,716,877
Liabilities			
Current liabilities			
Trade and other payables	16	2,529,831	2,431,053
Borrowings	18	2,532,096	2,384,343
Lease liabilities	19	435,778	396,733
Income tax liability	20	56,870	1,576,810
Employee benefits	21	1,123,982	626,914
Provisions	22	338,758	498,758
Contract liabilities	17	-	2,921
Total current liabilities		7,017,315	7,917,532
Non-current liabilities			
Borrowings	18	-	2,932
Lease liabilities	19	1,162,838	1,598,615
Deferred tax liabilities	23	363,044	143,013
Employee benefits	21	59,503	325,785
Total non-current liabilities		1,585,385	2,070,345
Total liabilities		8,602,700	9,987,877
Net assets		29,753,260	40,729,000
Equity			
Issued capital	24	33,430,564	33,430,564
Reserves	25	479,701	534,006
(Accumulated losses)/retained profits	39	(4,157,005)	6,764,430
Total equity		29,753,260	40,729,000

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Consolidated	Issued capital $	Reserves $	Retained profits/ (accumulated losses) $	Non-controlling interest $	Total equity $
Balance at 1 July 2020	14,347,548	10,995	(4,622,692)	-	9,735,851
Profit after income tax expense for the year	-	-	11,387,122	-	11,387,122
Other comprehensive income for the year, net of tax	-	(433)	-	-	(433)
Total comprehensive income for the year	-	(433)	11,387,122	-	11,386,689
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 24)	19,083,016	-	-	-	19,083,016
Share-based payments (note 38)	-	523,444	-	-	523,444
Balance at 30 June 2021	33,430,564	534,006	6,764,430	-	40,729,000

Consolidated	Issued capital $	Reserves $	Retained profits/ (accumulated losses) $	Non-controlling interest $	Total equity $
Balance at 1 July 2021	33,430,564	534,006	6,764,430	-	40,729,000
Loss after income tax benefit for the year	-	-	(11,281,435)	-	(11,281,435)
Other comprehensive income for the year, net of tax	-	5,358	-	-	5,358
Total comprehensive income for the year	-	5,358	(11,281,435)	-	(11,276,077)
Transactions with owners in their capacity as owners:					
Share-based payments (note 38)	-	300,337	-	-	300,337
Transfer on the cancellation of Options	-	(360,000)	360,000	-	-
Balance at 30 June 2022	33,430,564	479,701	(4,157,005)	-	29,753,260

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		13,383,999	55,214,398
Payments to suppliers and employees (inclusive of GST)		(26,316,313)	(36,553,275)
		(12,932,314)	18,661,123
Interest received		56,144	44,614
Grants and government subsidies received		-	162,940
Interest and other finance costs paid		(156,947)	(156,999)
Income taxes refunded/(paid)		36,634	(5,255,082)
Net cash (used in)/from operating activities	36	(12,996,483)	13,456,596
Cash flows from investing activities			
Purchase of financial assets		(43,743)	(12,458,089)
Payments for property, plant and equipment	14	(605,830)	(1,726,831)
Proceeds from disposal of property, plant and equipment		21,574	-
Net cash used in investing activities		(627,999)	(14,184,920)
Cash flows from financing activities			
Proceeds from issue of shares		-	19,083,016
Repayment of borrowings		(357,946)	(2,891,899)
Net cash from/(used in) financing activities		(357,946)	16,191,117
Net increase/(decrease) in cash and cash equivalents		(13,982,428)	15,462,793
Cash and cash equivalents at the beginning of the financial year		22,207,104	6,744,311
Cash and cash equivalents at the end of the financial year	7	8,224,676	22,207,104

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Comparatives are consistent with prior years, unless otherwise stated. There has been some reclassification to the prior year comparatives in order to be consistent with the current year classification.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of CleanSpace Holdings Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. CleanSpace Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Principles of consolidation (cont.)

entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is CleanSpace Holdings Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Segment information

Operating segments are presented using the ‘management’ approach where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (‘CODM’). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

Sale of goods

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.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income tax

The income tax expense or benefit for the period is the tax payable or receivable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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.

Derivative financial instruments

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Investments and other financial assets (cont.)

expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	5 years
Plant and equipment	3-7 years
Motor vehicles	5-8 years
Computer software	3 Years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Employee benefits (cont.)

transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of CleanSpace Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT.)

Allowance for expected credit losses (cont.)

based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated 2022 $	Consolidated 2021 $

NOTE 3. REVENUE

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2022 $	2021 $
Major product lines		
Respirators revenue	6,230,780	25,460,469
Consumables, accessories and other revenue	7,127,478	24,465,097
	13,358,258	49,925,566
Timing of revenue recognition		
At a point in time	13,358,258	49,925,566

The Company has two main types of revenue:

(1) *Respirator revenues:* reflects sales of the respirator units only; and

(2) *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 service income, freight income, and deductions for customer rebates and payment incentives.

Segment information

For the purposes of the internal reporting to the chief operating decision makers, business activities, performances and any associated assets and liabilities are viewed as a consolidated group.

	Consolidated 2022 $	Consolidated 2021 $
Revenue by region		
North America	2,111,467	22,343,113
Europe	5,532,770	11,928,540
Asia	5,714,021	15,653,913
	13,358,258	49,925,566

NOTE 4. OTHER INCOME

	2022 $	2021 $
Government grants	-	156,839
Other income	38,552	200
Other income	38,552	157,039

	Consolidated 2022 $	Consolidated 2021 $

NOTE 5. EXPENSES

Profit/(loss) before income tax includes the following specific expenses:

	2022 $	2021 $
Depreciation		
Leasehold improvements	143,025	70,379
Property, plant and equipment	384,833	602,580
Right-of-use assets	469,945	439,459
Total depreciation	997,803	1,112,418
Amortisation		
Software	18,640	17,902
Total depreciation and amortisation	1,016,443	1,130,320
Impairment		
Trade receivables (impairment write-back)/impairment expense	(11,070)	49,889
Total depreciation, amortisation and impairment expenses	1,005,373	1,180,209
Finance costs		
Interest on government loans	156,611	8,223
Interest and finance charges paid/payable on lease liabilities	106,371	105,130
Finance costs expensed	262,982	113,353
Net foreign		
Net foreign exchange loss	28,399	143,927
Leases		
Short-term lease payments	46,816	66,615
Employee benefits and staff related expenses (1)		
Staffing costs included in the profit and loss statement consist of:		
Salaries, wages and other employee costs	12,471,441	9,327,298
Share-based payments	236,863	183,544
Superannuation contributions	741,498	588,405
Payroll tax	525,732	401,215
	13,975,534	10,500,462

(1) An additional $877,327 (FY21: $1,888,507) of employment expenses are included in costs of sales.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated 2022 $	2021 $

NOTE 6. INCOME TAX (BENEFIT)/EXPENSE

	2022 $	2021 $
Income tax (benefit)/expense		
Current tax	(4,375,169)	4,558,800
Adjustment recognised for prior periods	-	51,860
Deferred tax	379,636	(40,991)
Aggregate income tax (benefit)/expense	(3,995,533)	4,569,669
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
(Loss)/profit before income tax (benefit)/expense	(15,276,968)	15,956,791
Tax at the statutory tax rate of 25% (2021: 30%)	(3,819,242)	4,787,037
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax incentive	(1,345,806)	(1,039,263)
Permanent differences - R&D expenses	773,452	809,815
Permanent differences - Other	6,607	47,832
	(4,384,989)	4,605,421
Adjustment recognised for prior periods	-	51,860
Under provision of income tax in the prior year	250,996	-
Change in provision of income tax as a result of a change in statutory tax rate	152,039	(79,229)
Impact of rates of foreign subsidiaries	(13,579)	(8,383)
Income tax (benefit)/expense	(3,995,533)	4,569,669

NOTE 7. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Current assets		
Cash at bank	8,224,676	22,207,104

NOTE 8. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Current assets		
Trade receivables	1,492,111	1,653,291
Less: Allowance for expected credit losses	(12,501)	(41,099)
	1,479,610	1,612,192
Other receivables	25,809	30,025
Deposits	961,037	800,356
	2,466,456	2,442,573

NOTE 8. TRADE AND OTHER RECEIVABLES (CONT.)

Allowance for expected credit losses

The consolidated entity has recognised a gain of $11,070 in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2022 %	Expected credit loss rate 2021 %	Carrying amount 2022 $	Carrying amount 2021 $	Allowance for expected credit losses 2022 $	Allowance for expected credit losses 2021 $
Not overdue	-	-	1,194,899	1,271,418	-	-
0 to 3 months overdue	4.21	4.11	297,212	355,387	12,501	14,613
Greater than 3 months	-	100.00	-	26,486	-	26,486
			1,492,111	1,653,291	12,501	41,099

	Consolidated 2022 $	Consolidated 2021 $
Movements in the allowance for expected credit losses are as follows:		
Opening balance	41,099	2,496
Additional provisions recognised	2,158	50,693
Receivables previously provided for recovered during the year	(12,982)	-
Receivables written off during the year as uncollectable	(17,293)	(11,286)
Impact of foreign exchange	(481)	(804)
Closing balance	12,501	41,099

NOTE 9. INVENTORIES

Current assets		
Raw materials	4,043,837	4,578,380
Less: Provision for impairment	(756,782)	(661,126)
	3,287,055	3,917,254
Work in progress - at cost	6,570	-
Finished goods - at cost	577,640	782,921
Less: Provision for impairment	(127,111)	(90,233)
	450,529	692,688
	3,744,154	4,609,942

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated 2022 $	Consolidated 2021 $
NOTE 10. OTHER ASSETS		
Current assets		
Prepayments	663,025	476,710

NOTE 11. RIGHT-OF-USE ASSETS

	2022 $	2021 $
Non-current assets		
Land and buildings - right-of-use	1,943,305	2,382,764
Less: Accumulated depreciation	(469,945)	(439,459)
Less: Foreign exchange movement	113	-
	1,473,473	1,943,305

The consolidated entity leases land and buildings for its offices, warehouses and production facility in St Leonards, Sydney, Australia. The agreements (a lease and sublease) were entered into in August 2020 and are for a term of 5 years, with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are to be on the same general terms. The entry into these leases created a Right-of-Use Asset of $2,382,764 and a corresponding Lease Liability of the same value. In line with the requirements of AASB 16 Leases, the Right-of-Use Asset is being depreciated and the lease payments have been allocated between the Lease Liability and finance costs. Refer to Note 19 for Lease Liability balances.

NOTE 12. FINANCIAL ASSETS

	2022 $	2021 $
Current assets		
Financial assets held at amortised cost	16,078,011	16,034,268

Financial assets held at amortised cost consist of term deposits held with Australian banks.

NOTE 13. INCOME TAX RECEIVABLE

	2022 $	2021 $
Current assets		
Income tax refund due	2,818,595	-

	Consolidated 2022 $	Consolidated 2021 $

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Non-current assets		
Leasehold improvements - at cost	945,069	633,075
Less: Accumulated depreciation	(213,404)	(70,379)
	731,665	562,696
Plant and equipment - at cost	2,516,098	2,455,346
Less: Accumulated depreciation	(1,352,229)	(1,232,785)
	1,163,869	1,222,561
Motor vehicles - at cost	68,313	96,541
Less: Accumulated depreciation	(30,835)	(31,147)
	37,478	65,394
Office equipment - at cost	76,204	93,657
Less: Accumulated depreciation	(42,415)	(40,347)
	33,789	53,310
Computer software - at cost	47,604	67,577
Less: Accumulated depreciation	(22,478)	(23,811)
	25,126	43,766
	1,991,927	1,947,727

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Office equipment $	Computer software $	Total $
Balance at 1 July 2020	-	791,428	99,720	30,630	9,432	931,210
Additions	633,075	1,006,352	-	39,800	52,237	1,731,464
Disposals	-	-	(17,326)	-	-	(17,326)
Write off of assets	-	(6,759)	-	-	-	(6,759)
Depreciation expense	(70,379)	(568,460)	(17,000)	(17,120)	(17,903)	(690,862)
Balance at 30 June 2021	562,696	1,222,561	65,394	53,310	43,766	1,947,727
Additions	311,994	289,064	-	4,772	-	605,830
Disposals	-	-	(15,998)	(854)	-	(16,852)
Exchange differences	-	-	1,720	-	-	1,720
Depreciation expense	(143,025)	(347,756)	(13,638)	(23,439)	(18,640)	(546,498)
Balance at 30 June 2022	731,665	1,163,869	37,478	33,789	25,126	1,991,927

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated 2022 $	2021 $

NOTE 15. DEFERRED TAX ASSETS

	2022 $	2021 $
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefit provisions	286,431	281,267
Provision for warranties	84,689	149,627
Accrued expenses	272,828	410,512
Other	30,722	(11,566)
Provision for inventory	220,973	225,408
Deferred tax asset	895,643	1,055,248

NOTE 16. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Current liabilities		
Trade payables	640,825	801,024
Other payables	1,889,006	1,630,029
	2,529,831	2,431,053

Refer to note 27 for further information on financial instruments.

NOTE 17. CONTRACT LIABILITIES

	2022 $	2021 $
Current liabilities		
Contract liabilities	-	2,921

	2022 $	2021 $
Reconciliation of contract liabilities		
Opening balance	2,921	970,185
Included in opening balance – transferred to revenue	(2,921)	(970,185)
Payments received in advance	-	2,921
Closing balance	-	2,921

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as at 30 June 2022 was $0 (30 June 2021: $2,921).

	Consolidated 2022 $	Consolidated 2021 $

NOTE 18. BORROWINGS

	2022 $	2021 $
Current liabilities		
Loan from NSW Health Administration Corporation	2,529,164	2,372,877
Finance lease	2,932	11,466
	2,532,096	2,384,343
Non-current liabilities		
Finance lease	-	2,932
	2,532,096	2,387,275

Refer to note 27 for further information on financial instruments.

Loan from NSW Health Administration Corporation

The Company entered into a funding agreement with NSW Health Administration Corporation in September 2019. The funding is to be used solely for the aim to improve the adoption of an innovative re-usable respirator in acute care settings.

The Company is not required to make any repayments of the loan until the project has achieved commercial success. The project is expected to achieve commercial success during the 2023 financial year. The applicable interest rate for the loan is calculated by using the annual Consumer Price Index (CPI).

NOTE 19. LEASE LIABILITIES

	2022 $	2021 $
Current liabilities		
Lease liability	435,778	396,733
Non-current liabilities		
Lease liability	1,162,838	1,598,615
	1,598,616	1,995,348

Refer to note 27 for further information on financial instruments and note 11 for information on Right-of-Use Assets and related leases.

NOTE 20. INCOME TAX LIABILITY

	2022 $	2021 $
Current liabilities		
Income tax liability	56,870	1,576,810

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

	Consolidated 2022 $	2021 $
NOTE 21. EMPLOYEE BENEFITS		
Current liabilities		
Annual leave	763,965	626,914
Long service leave	360,017	-
	1,123,982	626,914
Non-current liabilities		
Long service leave	59,503	325,785
	1,183,485	952,699

NOTE 22. PROVISIONS

	2022 $	2021 $
Current liabilities		
Warranties	338,758	498,758

Warranties

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

The movement in the warranty provision during the year is set out below.

Movement in warranty provision	2022 $	2021 $
Opening balance 1 July	498,758	331,093
Net additional provision/(release)	(66,638)	298,336
Provision used	(93,362)	(130,671)
Balance at 30 June	338,758	498,758

NOTE 23. DEFERRED TAX LIABILITIES

	2022 $	2021 $
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	198,251	-
Prepayments	164,793	143,013
Deferred tax liability	363,044	143,013

	Consolidated			
	2022 Shares	2021 Shares	2022 $	2021 $
NOTE 24. ISSUED CAPITAL				
Ordinary shares - fully paid	77,019,523	77,019,523	33,430,564	33,430,564

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and the amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share buy-back

There is no current on-market share buy-back.

	Ordinary shares #	Preference shares #	Employee shares #	Total shares $
Movements in share capital				
Balance at 1 July 2020	54,460,746	11,904,762	6,636,495	73,002,003
Conversion of preference shares to ordinary shares	11,904,762	(11,904,762)	-	-
Cancellation of employee N class shares	-	-	(517,627)	(517,627)
Conversion of employee N class shares to ordinary shares	6,118,868	-	(6,118,868)	-
IPO - new shares issued	4,535,147	-	-	4,535,147
Balance at 30 June 2021	77,019,523	-	-	77,019,523
Balance at 30 June 2022	77,019,523	-	-	77,019,523

Capital management

The key objectives of the Company when managing capital are to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. There has been no change to capital risk management policies during the year.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 25. RESERVES

	Consolidated 2022 $	Consolidated 2021 $
Foreign currency reserve	15,920	10,562
Options reserve (note 38)	463,781	523,444
	479,701	534,006

The foreign currency reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations. The options reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $	Options reserve $	Total $
Balance at 1 July 2020	10,995	-	10,995
Foreign currency translation	(433)	-	(433)
Share-based payments	-	523,444	523,444
Balance at 30 June 2021	10,562	523,444	534,006
Foreign currency translation	5,358	-	5,358
Transfer on the cancellation of options	-	(360,000)	(360,000)
Share-based payments	-	300,337	300,337
Balance at 30 June 2022	15,920	463,781	479,701

NOTE 26. DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

NOTE 27. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity may use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

The company holds the following financial instruments:

	Consolidated 2022 $	2021 $
Financial assets		
Cash and cash equivalents	8,224,676	22,207,104
Trade and other receivables	2,466,456	2,442,573
Other financial assets	16,078,011	16,034,268
	26,769,143	40,683,945
Financial liabilities		
Borrowings	2,532,096	2,387,275
Lease liability	1,598,616	1,995,348
Trade and other payables	2,529,831	2,431,053
	6,660,543	6,813,676

Market risk

Foreign currency risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the Australian Dollar functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in United States Dollar and European Union Euro. The group does not currently hedge these exposures.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 27. FINANCIAL INSTRUMENTS (CONT.)

Market risk (cont.)

Foreign currency risk (cont.)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets 2022 $	Assets 2021 $	Liabilities 2022 $	Liabilities 2021 $
US dollars	197,974	602,671	(908,056)	(942,647)
Euros	1,369,442	1,009,525	(397,974)	(307,591)
Pound Sterling	229,290	142,908	(50,075)	(15,012)
Singapore dollars	75,969	-	(652)	-
Chinese Yuan	-	643,648	(38,827)	-
	1,872,675	2,398,752	(1,395,584)	(1,265,250)

The Group had net assets denominated in foreign currencies of $477,091 (2021: $1,133,502). Based on this exposure, had the Australian dollars weakened by 5%/strengthened by 5% (2021: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $23,855 higher/$23,855 lower (2021: $56,675 higher/$56,675 lower) and equity would have been $16,698 higher/$16,698 lower (2021: $39,673 higher/$39,673 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2022 was $28,399 (2021: loss of $143,927).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Terms are established for each customer. Customers who fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

The Board receives monthly reports summarising the aged debtors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

NOTE 27. FINANCIAL INSTRUMENTS (CONT.)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Consolidated - 2022						
Non-derivatives						
Non-interest bearing						
Trade payables	-	694,653	-	-	-	694,653
Other payables	-	1,835,178	-	-	-	1,835,178
Interest-bearing						
Lease liability	6.00	435,778	483,051	679,787	-	1,598,616
Borrowings	5.32	2,532,096	-	-	-	2,532,096
Total non-derivatives		5,497,705	483,051	679,787	-	6,660,543
Consolidated - 2021						
Non-derivatives						
Non-interest bearing						
Trade payables	-	801,024	-	-	-	801,024
Other payables	-	1,630,038	-	-	-	1,630,038
Interest-bearing						
Lease liability	6.00	396,733	435,778	1,162,837	-	1,995,348
Borrowings	3.60	2,384,343	2,932	-	-	2,387,275
Total non-derivatives		5,212,128	438,710	1,162,837	-	6,813,685

Fair value of financial instruments

The carrying amounts of trade and other receivables are assumed to approximate their fair value due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 28. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of CleanSpace Holdings Limited during the financial year:

Bruce Rathie	Director *(appointed 18 October 2021)*
Dr Alexandra Birrell	Director
Lisa Hennessy	Director *(appointed 9 December 2021)*
Dan Kao	Director
Graham McLean	Director *(appointed 1 February 2022)*
William Highland	Director *(resigned 31 October 2021)*
Craig Lawn	Director *(resigned 31 December 2021)*
Dr Ron Weinberger	Director *(resigned 31 January 2022)*

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Elizabeth Harvey	Chief Financial Officer and Joint Company Secretary

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2022 $	2021 $
Short-term employee benefits and directors fees	1,371,013	1,349,207
Leave accruals (annual leave and long-service leave)	22,185	206,790
Post-employment benefits	137,101	75,745
Share-based payments	185,395	497,910
	1,715,694	2,129,652

No termination benefits were paid during the current or prior year.

Detailed remuneration disclosures are provided in the remuneration report within the Directors' report.

NOTE 29. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by PKF, the auditor of the company:

Audit services - PKF		
Audit or review of the financial statements	105,000	102,000
Other services - PKF		
Investigating Accountants review of the IPO prospectus and IPO tax advice	-	137,826
Tax compliance	65,939	40,585
Other	-	4,000
	170,939	284,411

NOTE 30. CONTINGENCIES

At balance date, bank guarantees were supported by security deposit guarantees, for which no liabilities have been recorded in the financial statements. Total bank guarantees of the consolidated entity at 30 June 2022 were $406,768 (30 June 2021: $406,768).

NOTE 31. COMMITMENTS

The consolidated entity did not have any commitments at 30 June 2022 or 30 June 2021.

NOTE 32. RELATED PARTY TRANSACTIONS

Parent entity

CleanSpace Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current financial year.

	Consolidated	
	2022 $	2021 $
Payment for services from an Associate		
Rental of storage and car spaces	-	18,273
Employment services	-	2,418
Contractor - Business Development services	-	21,665

Receivables due from/payables due to related parties

There were no payables or receivables due from related parties at 30 June 2022 (30 June 2021:$0).

Loans to/from related parties

There were no loans to or from related parties at 30 June 2022 (30 June 2021:$0).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 33. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	Parent	
	2022 $	2021 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	(1,259,242)	(1,755,235)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(1,259,242)	(1,755,235)
Statement of financial position		
Total current assets	33,289,286	35,800,802
Total non-current assets	3,201,156	3,200,997
Total assets	36,490,442	39,001,799
Total current liabilities	91,315	1,643,767
Total non-current liabilities	-	-
Total liabilities	91,315	1,643,767
Net assets	36,399,127	37,358,032
Equity		
Issued capital	33,433,416	33,433,416
Reserves	463,781	523,444
Retained profits	2,501,930	3,401,172
Total equity	36,399,127	37,358,032

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 34. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of subsidiary	Principal activities	Country of incorporation	Ownership Interest 2022
CleanSpace IP Pty Ltd	Owner of the registered intellectual property of the Group	Australia	100%
CleanSpace Technology Pty Limited	Design, manufacture, and distribution of CleanSpace products and services	Australia	100%
CleanSpace Americas, Inc	Provision of sales and customer support in North America	USA	100%
CleanSpace Technology Singapore Pte Ltd	Provision of service and customer support services in Asia	Singapore	100%
CleanSpace NZ Ltd	Provision of sales and customer support services in New Zealand	New Zealand	100%
CleanSpace Netherlands B.V.	Provision of service and customer support services in Europe	Netherlands	100%

NOTE 35. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 36. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM/(USED IN) OPERATING ACTIVITIES

	Consolidated	
	2022 $	2021 $
(Loss)/profit after income tax (expense)/benefit for the year	(11,281,435)	11,387,122
Adjustments for:		
Depreciation and amortisation	1,016,444	1,130,320
Impairment of receivables	(11,070)	49,889
Share based payment	300,337	523,444
Stock adjustments	144,721	718,818
Net loss/(gain) on disposal of non-current assets	(4,723)	2,170
Interest on lease liability	106,035	105,130
Foreign currency differences	3,525	(131,664)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(12,811)	6,214,277
Decrease/(increase) in inventories	721,065	(3,495,034)
Increase in income tax refund due	(2,818,595)	-
Decrease/(increase) in deferred tax assets	159,605	(140,042)
Increase in prepayments	(186,315)	(316,846)
Increase/(decrease) in trade and other payables	98,778	(1,742,432)
Decrease in contract liabilities	(2,921)	(967,264)
Decrease in provision for income tax	(1,519,940)	(644,422)
Increase in deferred tax liabilities	220,031	99,051
Increase in employee benefits	230,786	496,414
Increase/(decrease) in other provisions	(160,000)	167,665
Net cash from/(used in) operating activities	(12,996,483)	13,456,596

NOTE 37. EARNINGS PER SHARE

(Loss)/profit after income tax attributable to the owners of CleanSpace Holdings Limited	(11,281,435)	11,387,122

	Cents	Cents
Basic earnings per share	(14.65)	15.37
Diluted earnings per share	(14.65)	15.04

	Number	Number
Weighted average number of shares used in calculating basic earnings per share	77,019,523	74,106,769
Adjustments for calculation of diluted earnings per share:		
- Employee N Class shares	-	1,629,305
Weighted average number of ordinary shares used in calculating diluted earnings per share	77,019,523	75,736,074

NOTE 38. SHARE-BASED PAYMENTS

The Board approved the terms of the Company's umbrella equity-based long-term incentive plan ("Equity Incentive Plan") in 2020. 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 awards to an employee. These grants have been amortised on a straight line basis over the vesting period. Total expensed in the year ended 30 June 2022 under this plan was $300,337 (30 June 2021: $523,444). Prior to this Equity Incentive Plan the Company issued N-Class shares to certain employees. The total expensed in the year ended 30 June 2022 related to N-class shares was $0 (30 June 2021: $20,100).

Non Executive Director options

On 29 November 2021 600,000 options were granted to a Non Executive Director (NED) for nil consideration at an exercise price of $2.18. 200,000 options have a vesting date of 18 October 2022, 200,000 have a vesting date of 18 October 2023 and 200,000 have a vesting date 18 October 2024.

On 22 October 2020 339,621 NED Options were granted for nil consideration at an exercise price of $4.41 with a vesting date of 30 June 2021. These options were cancelled in the year ended 30 June 2022 following the resignation of the directors to whom the options had been granted.

Employee options

On 22 October 2020, 444,169 Employee Options were granted for Nil consideration at an exercise price of $4.41. 50% of the options granted will vest if the participant remains employed by the Company at the date of release of the Company's full year results for financial year ended 30 June 2022 on 25 August 2022 and 50% will vest if the participant remains employed at the date of the release of the Company's full-year results for the financial year ended 30 June 2023 (expected to be in or around August 2023).

Set out below are summaries of options granted:

2022 Recipient	Grant date	Expiry date	Exercise price	Balance at 1 July 2021	Granted	Exercised	Expired/ forfeited/ other	Balance at 30 June 2022
Executives	22/10/2020	21/10/2025	$4.41	444,169	-	-	-	444,169
NEDs	22/10/2020	21/10/2025	$4.41	339,621	-	-	(339,621)	-
NED	29/11/2021	18/01/2025	$2.18	-	600,000	-	-	600,000
				783,790	600,000	-	(339,621)	1,044,169

2021 Recipient	Grant date	Expiry date	Exercise price	Balance at 1 July 2020	Granted	Exercised	Expired/ forfeited/ other	Balance at 30 June 2021
Executives	22/10/2020	21/10/2025	$4.41	-	444,169	-	-	444,169
NEDs	22/10/2020	21/10/2025	$4.41	-	339,621	-	-	339,621
				-	783,790	-	-	783,790

On 14 August 2022, an employee was granted 748,299 options with an exercise price of $0.89 with a total value of $252,738. These options were granted under the rules of the Equity Incentive Plan and will vest as follows (subject to the participant remaining employed on the vesting dates) : 25% vested on 14 August 2022, 25% will vest on 14 August 2023, 25% will vest on 14 August 2024 and 25% will vest on 14 August 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 39. (ACCUMULATED LOSSES)/ RETAINED PROFITS

	Consolidated 2022 $	2021 $
Retained profits/(accumulated losses) at the beginning of the financial year	6,764,430	(4,622,692)
Transfer on the cancellation of options	360,000	-
Retained profits/(accumulated losses) at the beginning of the financial year - restated	7,124,430	(4,622,692)
Profit/(loss) after income tax (expense)/benefit for the year	(11,281,435)	11,387,122
(Accumulated losses)/retained profits at the end of the financial year	(4,157,005)	6,764,430

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001.*

On behalf of the directors

Dr Alex Birrell	**Bruce Rathie**
Director	*Director*

25 August 2022

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLEANSPACE HOLDING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of CleanSpace Holding Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity comprising the company and the entities it controlled at the year end or from time to time during the financial year.

In our opinion, the financial report of CleanSpace Holding Limited is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

Key Audit Matters (cont'd)

1. Inventory existence and valuation

Why significant	How our audit addressed the key audit matter
As at 30 June 2022, the carrying value of inventory was $3,744,154 (2021: $4,609,942) as disclosed in note 9 of the financial report. The Group's manufacturing planning processes consider forecast customer demand and access to materials from a range of suppliers. These factors impact on the quantity of raw material and finished goods inventory on hand and necessitate minimum inventory levels to ensure that the Group's sales objectives continue to be met. A standard cost system is used to account for inputs to inventory. Management conducts regular analysis to determine the cost of inventory, and whether adjustment to the carrying amount is required to reflect net realisable value, if that is lower than cost. Inventory is a significant asset of the Group, and accordingly we considered it a Key Audit Matter.	Our procedures included but were not limited to: • Attending and observing year-end inventory counts performed by Management at locations of significance; • Obtaining the third party inventory confirmation in support of inventory held at other locations; • Testing the accuracy of perpetual inventory records for a sample of products to check descriptions, quantities and the recording of inventory movements, including cut off around the balance date; • Testing on a sample basis the reasonableness of raw material costs and finished good standard costs compared to actual costs of purchase and production; • Considering the turnover cycle of inventory, assessing the allocation of purchase price and efficiency variances; • Challenging the adequacy of provisions and adjustments made to inventory to ensure it is measured at the lower of cost and net realisable value on the basis of actual and forecast sales activity, and Management's assessment of qualitative factors; and • Validating the data provided by management used to determine the rate of non-conformation raw material in the provision calculation.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. Revenue Recognition

Why significant	How our audit addressed the key audit matter
The Group's sales revenue amounted to $13,358,258 during the year (2021: $49,925,566). Note 1 describes the accounting policies applicable to distinct revenue streams, noting that revenue from the sale of goods, after adjusting for discounts or allowances, is recognised upon the delivery of goods to customers. On the basis of the significance of the account and the processes used to determine the recognition point, we have considered revenue recognition as a Key Audit Matter.	Our procedures included but were not limited to: • Documenting the design of the key revenue system and processes in the accounting system; • Performing controls testing procedures over key controls to ensure the internal controls are operating effectively; • Performing data analytics over schedule of invoices and credit notes to understand data, provide enhanced insights and identify potential exceptions and anomalies for further investigation; • Evaluating a sample of revenue transactions and identifying contracted performance obligations, agreeing revenue amounts to purchase orders, proof of delivery, shipping terms and bank records. These procedures facilitated our assessment of the values recorded, and the timing of revenue recognition aligned to fulfilment of the Group's performance obligations, transferred at a point in time; • Evaluating the cut-off process and its reliability to fairly account for dispatches not yet transferred to customers at the reporting date and the recognition of revenue in accordance with the Group's accounting policies; • Reviewing the credit notes raised subsequent to balance date to ensure cut off of revenue was correctly applied; and • Assessing the consistency of the Group's accounting policies disclosed in the financial report in respect of revenue recognition with the criteria prescribed by the applicable standard, AASB 15 *Revenue from contracts with customers*.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

PKF

Other Information (cont'd)

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2022

PKF

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of CleanSpace Holding Limited for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF

PKF

STobutt

SCOTT TOBUTT
PARTNER

25 AUGUST 2022
SYDNEY, NSW

ADDITIONAL SHAREHOLDER INFORMATION

The following information is current as at 11 August 2022.

Distribution of Shareholders

Fully Paid Ordinary Shares (Holdings Ranges)	Number of Holders	Number of Units	%
1 - 1,000	1,734	694,978	0.90
1,001 - 5,000	909	2,322,006	3.01
5,001 - 10,000	227	1,712,904	2.22
10,001 - 100,000	192	5,719,551	7.43
100,001 - over	68	66,570,084	86.43
Total	3,130	77,019,523	100.00

Unmarketable Holders

There are 1,264 shareholders holding less than a marketable parcel of shares based on the closing price of $0.89 on 11 August 2022 representing a total of 304,021 shares.

20 Largest Shareholders

No.	Name	Number of Ordinary Shares Held	% of Issued Capital
1	ACME CO NO 7 PTY LTD <CVC EMERGING COMP INVESTEE>	9,257,535	12.02
2	NATIONAL NOMINEES LIMITED	5,375,048	6.98
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,088,859	6.61
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,513,610	5.86
5	CHATSWOOD WEALTH MANAGEMENT PTY LTD	3,850,000	5.00
6	MUTUAL TRUST PTY LTD	3,084,545	4.00
7	ALEX BIRRELL <BAF A/C>	2,798,962	3.63
8	DAN KAO	2,530,000	3.28
9	BNP PARIBAS NOMS PTY LTD <DRP>	2,515,166	3.27
10	MIN FANG	2,057,248	2.67
11	PAFTEC INVESTMENT FUND PTY LTD <PAFTEC UNIT A/C>	1,858,497	2.41
12	ACORN CAPITAL PRIVATE OPPORTUNITIES FUND L P	1,670,391	2.17
13	MR ALFRED HARRY HUGH MYERS <LUCY'S A/C>	1,449,481	1.89
14	UBS NOMINEES PTY LTD	1,295,719	1.68
15	MISS LINDA YING WANG <KAO AND WANG FAMILY A/C>	1,202,816	1.56
16	CHING MING LIU	843,406	1.09
17	LILY LI-TING HONG	836,790	1.09
18	JENNY HSU	815,734	1.06
19	GIOVANNI NOMINEES PTY LTD <GIOVANNI FAMILY FUND A/C>	800,000	1.04
20	CITICORP NOMINEES PTY LIMITED	669,181	0.87
	Totals	52,512,988	68.18

ADDITIONAL SHAREHOLDER INFORMATION

Substantial Shareholders

The following shareholders are substantial holders of the Company:

Holder Name	No. of Shares	% Voting Power
One Fund Services Ltd as trustee for CVC Emerging Companies Fund	9,257,535	12.02
Acorn Capital Limited	6,080,862	7.90
National Nominees Ltd ACF Australian Ethical Investment Limited	4,342,070	5.64

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities with voting rights.

Restricted Securities

CleanSpace Holdings Limited has the following restricted securities on offer:

Class	No. of Shares	No. of Shareholders
Fully Paid Ordinary Shares Voluntary Escrowed to 25 August 2022	7,142,111	18

On-Market Buy-back

CleanSpace Holdings Limited is not undertaking an on-market buy-back.

Options on Issue

CleanSpace Holdings Limited has 444,169 unlisted Executive Options on issue held by four Company executives. The Options are exercisable at $4.41 per Option and expire 21 October 2025 and are subject to vesting conditions.

The Company also has 600,000 unlisted NED Options exercisable at $2.18 and expiring 18 January 2025 on issue held by the Company's Chairman. The options are subject to vesting conditions.

Use of IPO Funds

For the period from listing on 1 July 2021 to the end of the reporting period, 30 June 2022, CleanSpace Holdings Limited has used cash and other assets which are readily convertible into cash in a manner that was consistent with the objectives stated in its prospectus dated 29 September 2020.

CORPORATE GOVERNANCE STATEMENT

CleanSpace Holdings Limited corporate governance practices have been developed by the Board using the framework of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th ed.).

Please refer to the CleanSpace website at https://cleanspacetechnology.com/governance to view our Corporate Governance Statement.

CORPORATE DIRECTORY

CLEANSPACE HOLDINGS LIMITED | ABN 91 150 214 636

DIRECTORS

Mr Bruce Rathie

Dr Alexandra Birrell

Ms Lisa Hennessy

Mr Dan Kao

Mr Graham McLean

COMPANY SECRETARY (JOINT)

Ms Elissa Hansen

Ms Elizabeth Harvey

REGISTERED OFFICE

Unit 5/39 Herbert Street
St Leonards NSW 2065
Ph: +61 2 8436 4000

SHARE REGISTER

Boardroom Pty Limited

Level 12, 255 George Street
Sydney NSW 2000
GPO Box 3993
Sydney NSW 2001
Ph: +61 2 9290 9600
Ph: 1300 737 760 (within Australia)

AUDITOR

PKF(NS) Audit & Assurance Partnership Limited

Level 8, 1 O'Connell Street
Sydney NSW 2000

TAX ADVISOR

PKF Sydney Pty Limited

Level 8, 1 O'Connell Street
Sydney NSW 2000

LEGAL ADVISORS

Gilbert + Tobin

Level 35, Tower 2
200 Barangaroo Avenue
Barangaroo NSW 2000

STOCK EXCHANGE LISTING

CleanSpace Holdings Limited shares are listed on the Australian Securities Exchange

ASX Code: CSX

CleanSpace®
RESPIRATORS