

## 1. Company details

Name of entity:	CleanSpace Holdings Limited
ABN:	91 150 214 636
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	27.4% to	7,292,013
Loss from ordinary activities after tax attributable to the owners of CleanSpace Holdings Limited	down	56.7% to	(2,054,110)
Loss for the half-year attributable to the owners of CleanSpace Holdings Limited	down	56.7% to	(2,054,110)

### 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 \$2,054,110 (31 December 2022: \$4,744,477).

## 3. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	<u>0.26</u>	<u>0.29</u>

### Notes

The net tangible assets used in the net tangible assets per security calculation for both periods includes both the right-of-use assets and lease liabilities.

Total number of securities used in the net tangible assets per security calculation includes all classes of shares on issue at the end of each respective period.

## 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.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Foreign entities**

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

Not applicable.

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**10. Audit qualification or review**

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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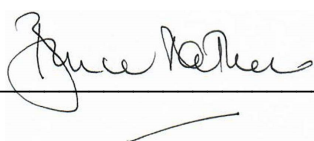
**11. Attachments**

*Details of attachments (if any):*

The Interim Report of CleanSpace Holdings Limited for the half-year ended 31 December 2023 is attached.

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**12. Signed**

Signed 

Date: 23 February 2024

# CleanSpace<sup>®</sup>

R E S P I R A T O R S

Free the way you breathe



## INTERIM REPORT

31 December 2023

**CleanSpace Holdings Limited**  
and its Controlled Entities

ABN 91 150 214 636





## ADVANCED BEST-IN-CLASS RESPIRATORY PROTECTION

CleanSpace is a specialist in 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, safety and 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 differentiated design and approved products that provide compelling employer and user benefits. CleanSpace Respirators are a true game changer.

# CONTENTS

2	Directors' Report
7	Auditor's Independence Declaration
8	Statement of Profit or Loss and Other Comprehensive Income
9	Statement of Financial Position
10	Statement of Changes in Equity
11	Statement of Cash Flows
12	Notes to the Financial Statements
22	Directors' Declaration
23	Independent Auditor's Review Report

## GENERAL INFORMATION

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 half-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:

Unit 5, 39 Herbert Street  
St Leonards  
NSW 2065  
Australia

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 22 February 2024.

# DIRECTORS' REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 half-year ended 31 December 2023 ('1H FY24').

## DIRECTORS

The names of the directors in office at any time during, or since the end of, the period are:

Name	Position
Bruce Rathie	Non-Executive Director and Chair
Lisa Hennessy	Non-Executive Director
Dan Kao	Executive Director and Director of Innovation and Operations
Graham McLean	Executive Director and CEO
Paul Cassano	Non-Executive Director*

\*Mr Paul Cassano was appointed by the Board as a Non-Executive Director effective 1 September 2023.

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

## PRINCIPAL ACTIVITIES

The principal activities of the Group are the design, manufacture and sale of respirators and related products and services.

## DIVIDENDS

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



# DIRECTORS' REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to \$2,054,110 (31 December 2022: \$4,744,477).

A summary of the results for the half year is below:

	Six months ended 31 Dec 2023 \$	Six months ended 31 Dec 2022 \$	Change %
Revenue from sales of goods and services	7,292,013	5,723,640	27F
Gross profit	5,194,433	3,982,984	30F
Operating expenses	(7,725,402)	(10,302,027)	25F
Operating EBITDA	(2,530,969)	(6,319,043)	60F
Share based payment expenses	(69,888)	(214,009)	67F
Foreign currency loss	(57,991)	(32,922)	76U
Other non-recurring items	-	18,058	100U
EBITDA	(2,658,848)	(6,547,916)	59F
Finance income / (Finance cost)	126,974	(40,759)	412F
Depreciation, amortisation and impairment	(470,365)	(530,576)	11F
Loss before income tax	(3,002,239)	(7,119,251)	58F
Income tax benefit	948,129	2,374,774	60U
Loss after tax for the period	(2,054,110)	(4,744,477)	57F

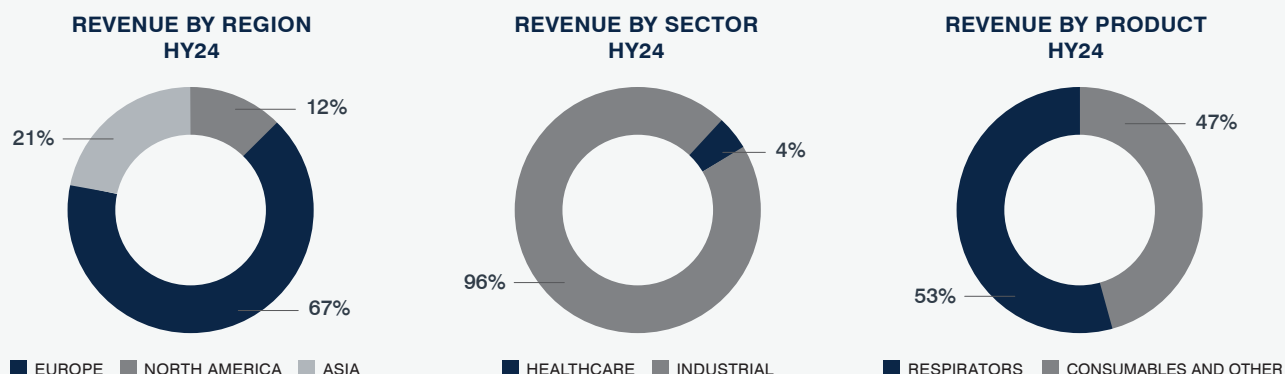
Sales for the period were A\$7.3m, with growth of 27% versus the prior corresponding period (**PCP**). This represents a satisfactory start to FY24 after the challenges of recent years. The Company has continuing strengths in R&D, Technology, Intellectual Property and Operations which have delivered an innovative and market leading portfolio of premium respiratory protection. The priority now is on further developing the Company's sales and marketing capability in focus markets and delivering outstanding service to customers. H1 FY24 sales growth reflects this strategy to build a sustainable sales growth model to deliver market leading growth for many years. The health and safety market is inherently a conservative one, so to deliver these results in a short period of time, reflects well on the potential of the business for future growth.

Operating EBITDA loss of \$2.5m is a \$3.8m improvement v PCP. This reflects sales growth and gross margin improvement from 70% to 71%, but most importantly a 25% reduction in operating expenses v PCP. We are delivering more with less.

# DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## REVIEW OF OPERATIONS (CONT.)



### Regional sales performance and highlights

The Company's strategy is to focus on industrial sales growth, innovation and developing an outstanding sales and marketing capability. Healthcare sales support ongoing consumables and opportunistic respirator business. The majority of sales resources are in seven focus markets, although CleanSpace sold into 28 countries in H1 FY24. Europe continues to lead success with sales of \$4.8m and growth of 67%. Australia had a good H1 result at 29% growth.

By sector, industrial is 96% of total sales. The Company has performed especially well in core sectors of manufacturing, infrastructure, construction and mining, although there is also meaningful business across a range of sectors. Respirator sales increased 25% v PCP whilst consumable sales increased 31%.

Healthcare sales were largely in consumables. It is noteworthy that the countries with the slowest sales growth in H1 FY24 are those which experienced significant healthcare sales in the period 2020-22 (North America and Asia).

The launch of CST Ultra and CST Pro models in early 2023 has provided the Company with a significant boost in Industrial sales in H1 FY24, and we expect this momentum to continue to develop in the rest of FY24.

#### Europe (sales \$4.8m, +67% v PCP)

France had the highest sales in H1 FY24 with growth of 60%. The UK (101% growth) and DACH (68% growth) also provided significant sales. Now that the Europe structure is under one management team, we are able to leverage sales synergies with pan Europe distributors and customers, as well as appointing/reactivating new distributors in key sectors or geographies.

#### Asia Pacific (sales \$1.6m, +24% v PCP)

Australia continued its strong momentum with sales growth of 29%. Sales in Asia were not significant, although there is a clear growth strategy in place with active business development investments underway.

#### North America (sales \$0.9m, -42% v PCP)

Results have been disappointing in H1 FY24, although there are some solid ongoing consumables sales to major customers (including healthcare). The decline v PCP was significantly impacted by a large one-off stocking order in Q2 2023. Excluding this, underlying sales would have been -2% v H1 PCP. The Company recently mutually terminated a sales and marketing agreement with LineDrive Inc.



# DIRECTORS' REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### REVIEW OF OPERATIONS (CONT.)

#### Operating expenses

Operating expenses of \$7.7m were 25% below PCP, due to the cost reduction initiative. This has been the biggest contributor to the improved EBITDA and cash position in H1 FY24 as the Company drives to operate on a sustainably lower cost base.

Operating expenses consist of:

	31 Dec 2023 \$	31 Dec 2022 \$	Change %
Employee benefits and staff related expenses (excluding share-based payments)	4,699,842	6,779,803	31F
Marketing and sales expenses	881,761	1,214,981	27F
Research, development and intellectual property expenses	318,114	494,517	36F
Other operating expenses (excluding depreciation, amortisation and impairment)	1,825,685	1,812,726	<1U
Total	7,725,402	10,302,027	

- The largest fall in costs has been in employment costs (\$2.1m or 31% lower than PCP), reflecting reduced headcount in all functions;
- Sales and Marketing expenses fell by 27% despite higher sales commissions from higher sales, reflecting more targeted and productive promotional programs;
- R&D expenses are down due to higher PCP spend on the development of CST Ultra and CST Pro; and
- Other expenses are higher compared to PCP due to timing on recruitment costs and consulting fees. Most lines are down reflecting better control and efficiency – including public company costs, insurance, occupancy costs and professional services.

### FINANCIAL POSITION

The following table provides a snapshot of important balances from the Group's statement of financial position as at 31 December 2023:

	As at 31 Dec 2023 \$	As at 30 Jun 2023 \$	Movement %
Cash (including term deposits)	10,067,667	12,157,909	(17)
Borrowings	(2,770,662)	(2,838,304)	(2)
Inventories	3,949,634	2,990,269	32
Net assets	19,972,766	21,955,479	(9)

The cash position at 31 December 2023 is \$10.1m. This is a reduction of \$2.1m from 30 June 2023 and a reduction of \$6.3m v 31 December 2022.

### MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

No matter or circumstance has arisen since 31 December 2023 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.

# DIRECTORS' REPORT


FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

## 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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

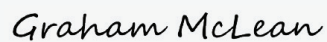
On behalf of the Directors



**Bruce Rathie**

*Director*

22 February 2024



**Graham McLean**

*CEO*

# AUDITOR'S INDEPENDENCE DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



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

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CleanSpace Holdings Limited

## Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF

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SCOTT TOBUTT  
PARTNER

22 FEBRUARY 2024  
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited Partnership is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
Revenue	2	7,292,013	5,723,640
Cost of sales		(2,097,580)	(1,740,656)
<b>Gross profit</b>		<b>5,194,433</b>	<b>3,982,984</b>
Other income	3	-	18,058
Employee benefits & staff related expenses	4	(4,751,230)	(6,957,025)
Depreciation, amortisation and impairment expenses		(470,365)	(530,576)
Legal and professional fees		(404,635)	(409,990)
Marketing and sales expenses		(881,761)	(1,214,981)
Administration and other operating expenses		(1,497,541)	(1,472,445)
Research, development and intellectual property expenses		(318,114)	(494,517)
<b>Operating loss</b>		<b>(3,129,213)</b>	<b>(7,078,492)</b>
Finance income - interest		221,581	91,577
Finance costs		(94,607)	(132,336)
<b>Loss before income tax benefit</b>		<b>(3,002,239)</b>	<b>(7,119,251)</b>
Income tax benefit	5	948,129	2,374,774
<b>Loss after income tax benefit for the half-year attributable to the owners of CleanSpace Holdings Limited</b>	13	<b>(2,054,110)</b>	<b>(4,744,477)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,509	13,265
Other comprehensive income for the half-year, net of tax		1,509	13,265
<b>Total comprehensive income for the half-year attributable to the owners of CleanSpace Holdings Limited</b>		<b>(2,052,601)</b>	<b>(4,731,212)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(2.66)	(6.16)
Diluted earnings per share		(2.66)	(6.16)

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 31 DECEMBER 2023

	Note	Consolidated 31 Dec 2023 \$	30 Jun 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,342,676	3,115,810
Trade and other receivables		2,433,838	3,418,688
Financial assets	6	8,724,991	9,042,099
Inventories	7	3,949,634	2,990,269
Income tax receivable		1,481,024	1,143,373
Other assets		742,693	547,284
Total current assets		18,674,856	20,257,523
<b>Non-current assets</b>			
Property, plant and equipment		1,178,078	1,397,976
Right-of-use assets	8	775,579	1,008,635
Deferred tax		6,841,618	6,311,151
Total non-current assets		8,795,275	8,717,762
<b>Total assets</b>		<b>27,470,131</b>	<b>28,975,285</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		2,288,084	1,187,588
Borrowings	9	26,000	154,044
Lease liabilities	10	508,185	483,051
Income tax liabilities		29,354	79,549
Employee benefits		647,745	850,105
Provisions		459,522	458,123
Contract liabilities		1,129	86,433
Total current liabilities		3,960,019	3,298,893
<b>Non-current liabilities</b>			
Borrowings	9	2,744,662	2,684,260
Lease liabilities	10	417,529	679,787
Deferred tax		298,753	277,716
Employee benefits		76,402	79,150
Total non-current liabilities		3,537,346	3,720,913
<b>Total liabilities</b>		<b>7,497,365</b>	<b>7,019,806</b>
<b>Net assets</b>		<b>19,972,766</b>	<b>21,955,479</b>
<b>Equity</b>			
Issued capital	11	33,533,166	33,443,471
Reserves	12	541,327	745,045
Accumulated losses	13	(14,101,727)	(12,233,037)
<b>Total equity</b>		<b>19,972,766</b>	<b>21,955,479</b>

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Consolidated	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2022	33,430,564	479,701	(4,157,005)	29,753,260
Loss after income tax benefit for the half-year	-	-	(4,744,477)	(4,744,477)
Other comprehensive income for the half-year, net of tax	-	13,265	-	13,265
Total comprehensive income for the half-year	-	13,265	(4,744,477)	(4,731,212)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 14)	-	214,009	-	214,009
Balance at 31 December 2022	33,430,564	706,975	(8,901,482)	25,236,057

Consolidated	Issued capital \$	Reserves \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2023	33,443,471	745,045	(12,233,037)	21,955,479
Loss after income tax benefit for the half-year	-	-	(2,054,110)	(2,054,110)
Other comprehensive income for the half-year, net of tax	-	1,509	-	1,509
Total comprehensive income for the half-year	-	1,509	(2,054,110)	(2,052,601)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments (note 14)	-	69,888	-	69,888
Transfer on the cancellation of options	-	(185,420)	185,420	-
Transfer to issued capital	89,695	(89,695)	-	-
Balance at 31 December 2023	33,533,166	541,327	(14,101,727)	19,972,766

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

# STATEMENT OF CASH FLOWS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	8,204,236	4,895,355
Payments to suppliers and employees	(10,137,452)	(12,507,643)
	(1,933,216)	(7,612,288)
Interest received	221,581	91,577
Interest and other finance costs paid	(63,405)	(44,264)
Income taxes refunded/(paid)	50,852	(128,646)
Net cash used in operating activities	(1,724,188)	(7,693,621)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(30,086)	-
Sale of financial assets	317,108	2,535,064
Proceeds from disposal of property, plant and equipment	-	31,583
Net cash from investing activities	287,022	2,566,647
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(67,642)	-
Repayment of leases	(268,326)	(216,689)
Net cash used in financing activities	(335,968)	(216,689)
Net decrease in cash and cash equivalents	(1,773,134)	(5,343,663)
Cash and cash equivalents at the beginning of the financial half-year	3,115,810	8,224,676
Effects of exchange rate changes on cash and cash equivalents	-	13,265
Cash and cash equivalents at the end of the financial half-year	1,342,676	2,894,278

In addition to the cash and cash equivalents balance in the Statement of Cash Flows above, the Company had term deposits of \$8,724,991 at 31 December 2023 (Dec 22: \$13,542,947). These term deposits are disclosed as financial assets in the balance sheet.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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.

	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
<b>NOTE 2. REVENUE</b>		
<i>Disaggregation of revenue</i>		
The disaggregation of revenue from contracts with customers is as follows:		
<i>Major product lines</i>		
Respirators revenue	3,893,871	3,127,939
Consumables, accessories and other revenue	3,398,142	2,595,701
	7,292,013	5,723,640
<i>Timing of revenue recognition</i>		
At a point in time	7,292,013	5,723,640

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 freight and deductions for customer rebates and payment incentives.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### NOTE 2. REVENUE (CONT.)

#### 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	
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Revenue by region</i>		
North America	906,078	1,572,858
Europe and UK	4,819,317	2,885,883
Asia	1,566,618	1,264,899
	7,292,013	5,723,640

### NOTE 3. OTHER INCOME

Net gain on disposal of property, plant and equipment	-	18,058
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### NOTE 4. EMPLOYEE BENEFITS & STAFF RELATED EXPENSES

Total employee benefits and staff related expenses (a)	4,751,230	6,957,025
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(a) An additional \$328,768 (2022: \$373,499) of employment expenses are included in costs of sales.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
<b>NOTE 5. INCOME TAX (BENEFIT)/EXPENSE</b>		
<i>Income tax (benefit)/expense</i>		
Current tax	(439,173)	(572,605)
Deferred tax - origination and reversal of temporary differences	(510,604)	(1,463,511)
Adjustment recognised for prior periods	1,648	(338,658)
Aggregate income tax benefit	(948,129)	(2,374,774)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(3,002,239)	(7,119,251)
Tax at the statutory tax rate of 25%	(750,560)	(1,779,813)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax incentive	(438,197)	(635,107)
Permanent differences - R&D expenses	251,837	365,004
Permanent differences - Other	(15,292)	24,571
	(952,212)	(2,025,345)
Adjustment recognised for prior periods	1,648	(338,658)
Impact of rates of foreign subsidiaries	2,435	(10,771)
Income tax benefit	(948,129)	(2,374,774)

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<b>NOTE 6. FINANCIAL ASSETS</b>		
<i>Current assets</i>		
Financial assets held at amortised cost	8,724,991	9,042,099

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<b>NOTE 7. INVENTORIES</b>		
<i>Current assets</i>		
Raw materials - at cost	4,507,682	3,544,432
Less: Provision for impairment	(895,904)	(824,468)
	3,611,778	2,719,964
Work in progress - at cost	2,510	41,962
Finished goods - at cost	485,477	380,353
Less: Provision for impairment	(150,131)	(152,010)
	335,346	228,343
	3,949,634	2,990,269

## NOTE 8. RIGHT-OF-USE ASSETS

<i>Non-current assets</i>		
Land and buildings - right-of-use	1,008,635	1,473,473
Less: Accumulated depreciation	(233,056)	(464,838)
	775,579	1,008,635

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 August 2020.

In line with the requirements of AASB 16 Leases, the Right of Use Asset has been depreciated and the lease payments have been allocated between the Lease Liability and finance costs. Refer to Note 10 for Lease Liability balances.

## NOTE 9. BORROWINGS

<i>Current liabilities</i>		
Insurance premium funding loan	26,000	154,044
<i>Non-current liabilities</i>		
Loan from NSW Health Administration Corporation	2,744,662	2,684,260
	2,770,662	2,838,304

### 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 applicable interest rate for the loan is calculated by using the annual Consumer Price Index (CPI).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<b>NOTE 10. LEASE LIABILITIES</b>		
<i>Current liabilities</i>		
Lease liability	508,185	483,051
<i>Non-current liabilities</i>		
Lease liability	417,529	679,787
	925,714	1,162,838

Refer to Note 8 for further information on Right-of-Use-Assets and related leases.

## NOTE 11. ISSUED CAPITAL

### Ordinary shares

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.

	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	77,303,121	77,054,583	33,533,166	33,443,471

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<b>NOTE 12. RESERVES</b>		
Foreign currency reserve	40,031	38,523
Share-based payment reserve	501,296	706,522
	541,327	745,045

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 share-based payment 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### NOTE 12. RESERVES (CONT.)

#### *Movements in reserves*

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

Consolidated	Foreign Currency Reserve \$	Share-based Payments Reserve \$	Total \$
Balance at 1 July 2023	38,523	706,522	745,045
Foreign currency translation	1,509	-	1,508
Transfer on the cancellation of options	-	(185,420)	(185,420)
Transfer to issued capital	-	(89,695)	(89,695)
Share-based payments	-	69,888	69,888
Balance at 31 December 2023	40,032	501,295	541,327

	Consolidated 31 Dec 2023 \$	30 Jun 2023 \$
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### NOTE 13. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial half-year	(12,233,037)	(4,101,445)
Transfer on the cancellation of options	185,420	-
Accumulated losses at the beginning of the financial half-year - restated	(12,047,617)	(4,101,445)
Loss after income tax benefit for the half-year	(2,054,110)	(8,131,592)
Accumulated losses at the end of the financial half-year	(14,101,727)	(12,233,037)

### NOTE 14. SHARE-BASED PAYMENTS

The Board approved the terms of the Company's umbrella equity-based long term incentive plan ("Equity Incentive Plan") in 2020. Minor amendments were made to the plan in 2022 to cater for US staff. 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 half year ended 31 December 2023 under this plan was \$69,888 (31 December 2022: \$214,009)

#### **Non-Executive Director options**

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### NOTE 14. SHARE-BASED PAYMENTS (CONT.)

#### 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 vested on 25 August 2022, and 50% vested on 29 August 2023. 110,235 unvested options were forfeited during the year ended 30 June 2023 as a service condition was not met. On 9 July 2023, 110,235 unexercised vested options were cancelled following the resignation of an employee to whom options had been granted. On 29 August 2023, 44,281 unvested options were forfeited as a service condition was not met. On 29 November 2023 44,281 unexercised vested options were cancelled following the resignation of an employee to whom options had been granted.

Set out below are summaries of options granted:

31 Dec 2023								
Recipient	Grant Date	Expiry Date	Exercise Price	Balance at 1 Jul 2023	Granted	Exercised	Expired/ Forfeited/ Other	Balance at 31 Dec 2023
Executives	22/10/2020	21/10/2025	\$4.41	333,934	-	-	(198,797)	135,137
NED	29/11/2021	18/01/2025	\$2.18	600,000	-	-	-	600,000
				933,934	-	-	(198,797)	735,137

30 Jun 2023								
Recipient	Grant Date	Expiry Date	Exercise Price	Balance at 1 Jul 2022	Granted	Exercised	Expired/ Forfeited/ Other	Balance at 30 Jun 2023
Executives	22/10/2020	21/10/2025	\$4.41	444,169	-	-	(110,235)	333,934
NED	29/11/2021	18/01/2025	\$2.18	600,000	-	-	-	600,000
Employee	29/11/2021	18/01/2025	\$0.89	-	748,299	-	(748,299)	-
				1,044,169	748,299	-	(858,534)	933,934

#### Performance Rights

On 13 November 2023, the Company granted 525,000 Performance Rights with the following vesting conditions:

- Tranche 1 – will vest if the CSX share price for any consecutive 60 day period is \$1.00 or higher, on a Volume Weighted Average Price basis ("VWAP");
- Tranche 2 – will vest if the CSX share price for any consecutive 60 day period is \$1.75 or higher (on a VWAP basis); and
- Tranche 3 – will vest if the CSX share price for any consecutive 60 day period is \$2.50 or higher (on a VWAP basis).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### NOTE 14. SHARE-BASED PAYMENTS (CONT.)

Set out below are summaries of performance rights granted:

31 Dec 2023								
Recipient	Grant Date	Expiry Date	Exercise Price	Balance at 1 Jul 2023	Granted	Exercised	Expired/ Forfeited/ Other	Balance at 31 Dec 2023
Executive Director	13/11/2023	90 days post 2026 AGM	\$0.00	-	175,000	-	-	175,000
Executive Director	13/11/2023	90 days post 2026 AGM	\$0.00	-	175,000	-	-	175,000
Executive Director	13/11/2023	90 days post 2026 AGM	\$0.00	-	175,000	-	-	175,000
				-	525,000	-	-	525,000

The performance rights were valued using the Hull-White Binominal Pricing Model, which is a generally accepted method to value options. This method has been adjusted to account for performance hurdles and requirement for the VWAP to remain above the target for 60 consecutive days.

#### Share awards

During the half year ended 31 December 2023, the Company issued 1,565,000 share awards (in HY23: 870,000). The awards generally vest over a period of three or four years. The fair value was measured based upon the closing price of the share on the date of the award.

Some of the awards were issued to KMP as detailed below.

On 13 November 2023 225,000 Restricted Share Units were issued with a vesting period of 3 years. 37,500 vested on issue and the remaining 187,500 will vest in equal instalments of 18,750 over the following 10 quarters.

The following table summarises the movements in the awards granted including the weighted average fair value (WAFV).

	No. 31 Dec 2023	\$	No. 31 Dec 2022	\$
Outstanding at the beginning of the financial half-year	994,378	\$0.32	-	\$0.00
Granted	1,565,000	\$0.30	870,000	\$0.31
Forfeited	(157,926)	\$0.41	-	\$0.00
Exercised	(92,938)	\$0.34	-	\$0.00
<b>Outstanding at the end of the financial half-year</b>	<b>2,308,514</b>	<b>\$0.30</b>	<b>870,000</b>	<b>\$0.31</b>

#### Expense summary

For the half year ended 31 December 2023, the Group recognised \$69,888 (31 December 2022: \$214,009) of share-based payment expense in relation to:

- Stock options (\$26,787) (31 December 2022: \$208,199);
- Share awards \$79,484 (31 December 2022: \$5,810); and
- Performance rights \$17,191 (31 December 2022: \$0).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### NOTE 15. DIVIDENDS

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

### NOTE 16. 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 31 December 2023 were \$406,768 (30 June 2023: \$406,768).

### NOTE 17. COMMITMENTS

The consolidated entity did not have any commitments at 31 December 2023 or 31 December 2022.

### NOTE 18. RELATED PARTY TRANSACTIONS

#### Parent entity

CleanSpace Holdings Limited is the parent entity.

#### Subsidiaries

Interests in subsidiaries are set out in note 19.

#### Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
Payment for goods and services:		
Short-term employee benefits	310	-

#### Receivables due from/payables due to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

#### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

#### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### NOTE 19. INTERESTS IN SUBSIDIARIES

Name of Subsidiary	Principal Activities	Country of Incorporation	Ownership Interest 2023
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 20. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2023 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.

# DIRECTORS' DECLARATION

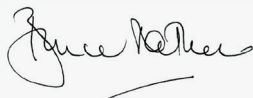
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



**Bruce Rathie**

*Director*

22 February 2024



**Graham McLean**

*CEO*

# INDEPENDENT AUDITOR'S REVIEW REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



**PKF(NS) Audit & Assurance Limited Partnership**  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF CLEANSPACE HOLDINGS LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of CleanSpace Holdings Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CleanSpace Holdings Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors of the Company a written Auditor's Independence Declaration.

### Directors' Responsibility for the Half-Year Financial Report

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

PKF(NS) Audit & Assurance Limited Partnership is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.

# INDEPENDENT AUDITOR'S REVIEW REPORT

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



### Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of CleanSpace Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF

A handwritten signature in black ink, appearing to read 'STobutt' with a stylized flourish at the end.

SCOTT TOBUTT  
PARTNER

22 FEBRUARY 2024  
SYDNEY, NSW







**CleanSpace®**  
RESPIRATORS