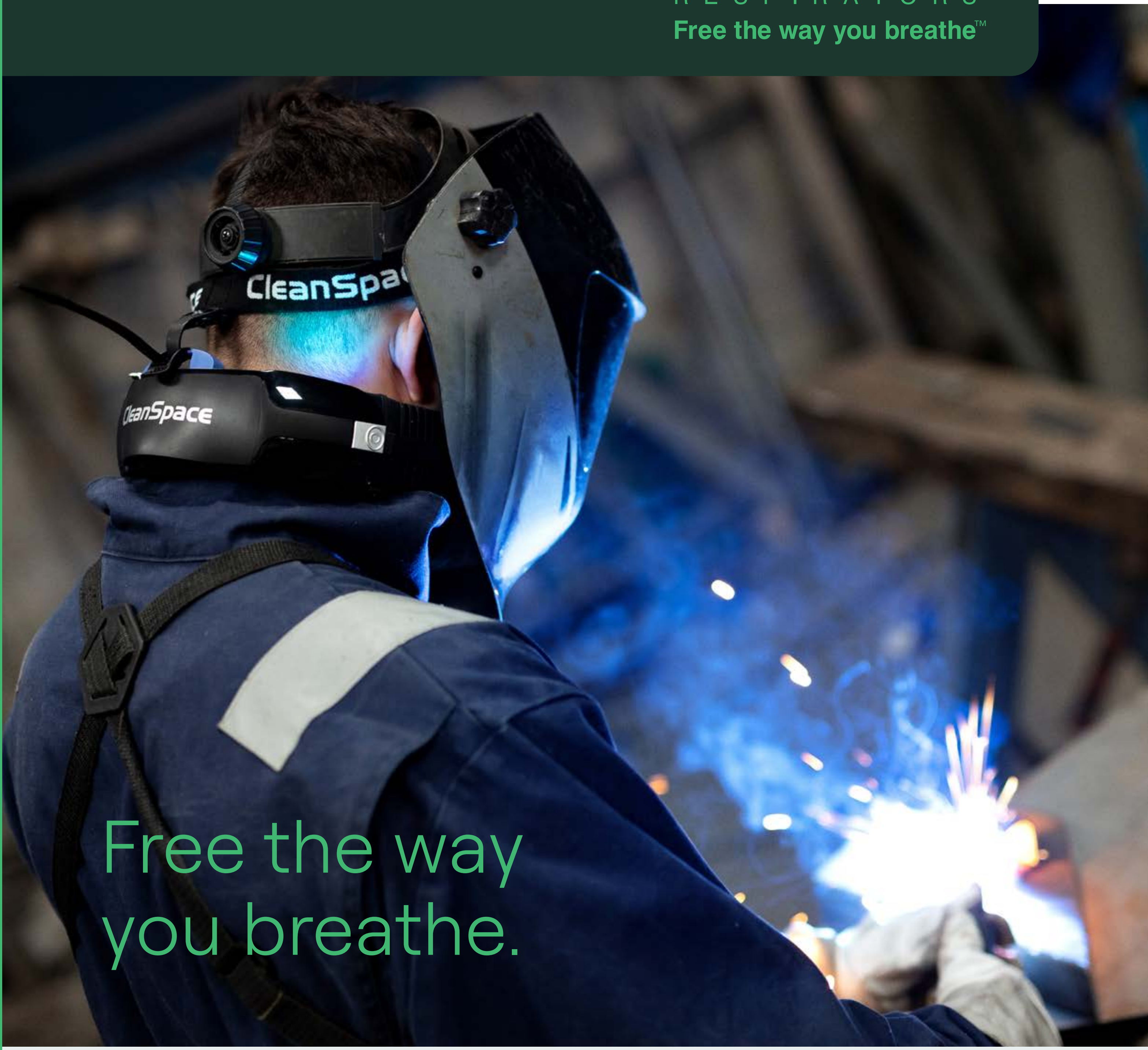
CleanSpace®
RESPIRATORS
Free the way you breathe™



Annual Report 2024

CleanSpace Holdings Limited and its Controlled Entities

ABN 91 150 214 636

True Innovation in Personal Respiratory Protection

CleanSpace Technology is a Sydney-based specialist designer and manufacturer of advanced respiratory protection solutions for industrial and healthcare 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 work in hazardous working environments. In the last 20 years, technology has driven unprecedented advances in protecting people's health, and we have brought this to personal respiratory protection.

CleanSpace continues to invest in research and development programs resulting in truly differentiated powered air purifying respirators (PAPRs). The Company develops world class leading technology and advanced solutions for employers and their staff that significantly increases the level of personal protection, improves ease of use and compliance, and achieves significant cost savings and sustainability for their operations. Premium protection for frontline workers means better health outcomes for millions of people, now and into the future.

Contents

Chairman and CEO Letter

For the year ended 30 June 2024

Dear Shareholders,

We are pleased to present the CleanSpace Annual Report for the year ended 30 June 2024.

FY24 was a year of substantial progress towards our strategic objectives of sustainable profitable growth in a post pandemic environment. The Company is now in a significantly stronger position than at any time in the last 3 years, reflected by our consistent strategic priorities and strengthening financial results. The change in strategy to focus on industrial markets has significantly boosted the Company's trajectory and enabled it to deliver on the commitments made over the last 18 months.

FY24 was a record year for CleanSpace. The Company delivered the highest industrial sales in its 15 year history with underlying industrial sector sales growth of over 40% v PCP. This, coupled with disciplined cost management initiatives over the last 18 months, enabled the Company to achieve a break-even profit result and a positive cash flow result in Q4 FY24 for the first time in over 3 years. The challenges and disruptions of the COVID pandemic are now largely in the rear view mirror.

Strategy

We are on a mission to transition the company from being historically a technology centric business to one that is also a highly commercial, customer focused business. We believe that this is necessary in order to build the long-term customer relationships and market penetration necessary for sustainable sales growth over time.

As a health and safety company, our key strengths include world class respirator technology and R&D expertise, and delivering the highest quality respirators to our customers. We regularly receive excellent feedback from the thousands of users who rely on CleanSpace powered respirators to safeguard their health and safety in hazardous workplaces.

Our strategic priorities remain consistent with last year, reflecting the growing value that they are delivering:

1. Focus on our core business in industrial sectors and have deep experience in for 15 years.
2. Focus on markets where CleanSpace has a presence and solid foundation from which to drive future growth – the key markets where we have a strong user base are France, USA, UK, Germany, Nordics and Australia. There is ample opportunity for growth in these significant markets alone.
3. Realign resources from healthcare to industrial, whilst remaining committed in the long-term to healthcare solutions.
4. As well as selling powered respirator units the Company sells accessories such as filters and masks. We plan to build this recurring consumable revenue stream with additional innovative services and solutions over time as the user base grows.
5. Tightly manage costs and cash to reflect the reality of the size of our current revenue base.

These strategic priorities will position the Company for sustained sales growth over the coming years with stronger foundations and a leaner, fitter organisation. This is expected to open up a clear path to profitable growth and return to positive cash flow in FY25 and beyond.

Global Markets

The global market for Powered Air-Purifying Respirators (PAPRs) is estimated to be very large ($3Billion) and growing at 6-8% pa. It is a very attractive market with strong fundamental growth drivers. We also expect that in emerging fast developing countries, the market for powered respirators will grow at a faster rate over time as these trends accelerate.

There is increasing awareness of the need for high quality respiratory protection and there are also more demanding standards and regulations being introduced for hazardous workplaces. In some markets now, individual managers have a duty of care to their staff, in addition to company OH&S obligations. The rise of silicosis cases has also raised awareness and led to further regulatory reforms in some countries. We anticipate that these trends will continue for the foreseeable future.

Other trends that support market growth include demographic, increased health awareness and the ability to fund better protection as nations become wealthier. There is also an increased awareness that disposable or negative pressure masks may not provide sufficient protection for workers, so that upgrades to superior quality powered masks are increasingly common.

We believe that there is very much a place for an agile challenger brand with unique, innovative powered respirator technology such as CleanSpace to emerge as a significant market player.

New Product Innovation

In FY23 CleanSpace released its most significant technology platform upgrade and new product launch in its history. The launch of the new CST Ultra and CST Pro was a significant milestone for the Company. This has undoubtedly supported the growth and strong market feedback experienced in FY24. These products include unique features and improved benefits for users that are unrivalled in the industry. For example, we now have excellent feedback from the first users of PAPRs with Bluetooth reporting which enables monitoring of their protection levels minute by minute.

In FY24 we launched the next wave of new products with the release of CS Work into the European and Australian markets, using the same technology platform but at a more affordable price point. The initial response from the market has been very favourable and we are confident that this addition to the portfolio will provide a further boost to growth in the coming years.

Financial Performance

FY24 was an important year of stabilisation for the Company, one where the results at the close of the year were significantly stronger than the results at the start of the year.

- Overall, FY24 sales grew 30% v PCP. In H1 sales grew 27% and in H2 32%.
- Sales by half year grew sequentially every half year since H1 FY23 (with H2FY24 being 47% higher than H1 FY23)
- Q4 sales were 49% higher than PCP
- On an underlying basis (excluding one-offs in FY23) Industrial sales grew >46% v PCP – over 40% growth for the second consecutive year

The Company continued to expand the distribution network with 39 additional distributor partners chosen to add additional penetration in specific industrial and geographic areas, supporting our focused core sector and priority country strategy.

Leadership and Organisation

We were delighted to welcome Paul Cassano as a Non-Executive director to the Board in September 2023. Paul brings a wealth of experience in the quarrying, mining and construction industries to the organisation.

Bree Greeff was appointed Chief Financial Officer in March 2024 (having been in the role as Interim CFO since August 2023), bringing deep and varied experience in financial management to the Company. In August 2024 CEO Graham McLean announced his intention to step back and resume his Non-Executive Director role in late 2024.

We now have a very experienced and seasoned senior management team that is providing strategic leadership and execution, and we are very grateful to all of them for their commitment and contribution over the last year.

The organisation size has stabilised in FY24 after a prior year of significant reduction in headcount. We are doing more with less and are more productive in our use of resources and people. We believe that the team is now the right size to support our immediate growth plans, and we expect to incrementally add customer facing staff as the business expands over time.

We have also focused on highlighting our Values as an integral part of how we do business. As a health and safety company, building trust and acting with integrity with our customers is critical. We want to thank our team for doing this everyday in all our interactions with customers and partners. Our Values are highlighted on page 12 of this report.

Outlook

CleanSpace is now repositioned as an emerging leader in the Industrial PAPR market. The results in FY24 demonstrate that the Company has significant growth opportunities over the next 5 years.

Over the last 18 months, we have launched three outstanding industrial products, we have right-sized the organisation and are focused on engaging our distribution network and end user customers to support continued sales growth. We begin FY25 in a stronger position to accelerate this momentum.

Finally we thank our shareholders, suppliers, customers and distributor partners for your support over the last year. Our Australian based, world class technology is truly making a difference to people's lives. Our appreciation also goes to our dedicated staff, many of whom are shareholders, for their loyalty and belief in the CleanSpace story. We are building solid foundations for a very bright future.

Graham McLean

Graham McLean
CEO

Bruce Rathie
Chairman

FY24 Key Highlights

Operational Overview

FY24 Revenue was $15.7m, an increase of 30% over prior year (PCP $12.1m). This was a very encouraging continuation of a growth trend that has seen 4 consecutive half year periods of sales acceleration. H2 FY24 sales of $8.4m was 32% higher than H2 FY23 and 16% higher than H1 FY24.

In addition, FY24 sales of industrial products grew 38%, and excluding a one-off sale in the prior year, the underlying industrial sales grew 46%. Industrial sales now represent 96% of total sales.

The pattern of sales continued to grow during the second half of FY24 and this resulted in a strong Q4 result which delivered a positive EBITDA result and a positive cash flow result.

Encouragingly Gross Margin grew by 2% to 72% for the year, reflecting both a shift to sales of higher price products and efficiency gains in cost of goods.

The final Cash at Bank at 30 June 2024 was $9.8m, which was only $0.3m below the result at 31 December 2023.

Financial Performance

Revenue

$15.7m ↑ 30% v PCP

H1 Revenue $7.3m ↑ 27% v PCP

H2 Revenue $8.4m ↑ 32% v PCP

Gross Margin

72% FY23 70%

Cash at Bank

$9.8m as at 30 June 2024

Q4 Performance

EBITDA positive
Cash positive

Q4 Sales

+49%

Commercial Strategy

The path to sustainable profitability

Over the last 18 months the Company has reset its commercial strategy so that it is now focused primarily on selling into the industrial sector. In FY24 96% of sales were to industrial customers and 4% to healthcare customers (FY23 93% industrial, 7% healthcare). Healthcare sales fell by approximately $600k in FY24 v PCP and we anticipate that this will stabilise at the current level.

Our decision to focus on industrial markets has paid off with the highest ever industrial sales result ($15.4m) achieved in FY24.

Focus sectors include:

- Construction
- Infrastructure
- Mining
- Manufacturing
- Chemicals and Metals
- Emergency Response and Healthcare

The Company has recognised that our core skills as an innovative technology organisation needed to be complemented by a world class sales and marketing function. We have invested heavily in building our sales and marketing capability and becoming a more customer centric business over the last 2 years. The results show that this has paid dividends in our focus markets.

Focus is a key element of our commercial strategy and we have identified six priority markets which have a current value of over $2Billion. In FY24 89% of sales were in these focus markets - France, USA, UK, Australia, Germany and the Nordics.

Our portfolio focus is to continually innovate and bring to market unique respiratory technology products and solutions which meet key user needs. As well as the 3 product launches over the last 18 months, we have a strong pipeline of further innovations and launches to follow in FY25.

CleanSpace WORK launch April 2024

In April 2024, CleanSpace launched a new model into the range. The **CleanSpace WORK** is targeted at the trade and artisan market, where protection from dust only is required. This model is designed to be simple, lightweight, and is the most affordable option in the range, making it accessible for the average trade worker.

The successful uptake of this model in markets such as France, Germany, Italy, Spain and UK as well as Australia has allowed CleanSpace to expand into segments of the market with an unmet need.

CleanSpace
RESPIRATORS
Free the way you breathe™

Breathing on the job shouldn't feel like hard work.

CleanSpace has launched the lightest PAPR in the range at the same high filtration efficiency of 99.97%. Choosing a PAPR to protect your lungs from dangerous particles has never been easier.

If you're working with materials that produce airborne particles, it's crucial to safeguard your respiratory health. While N95 masks offer a basic level of protection, a powered air purifying respirator (PAPR) provides a higher degree of respiratory safety surpassing that of N95 masks.

CleanSpace® HALO WORK

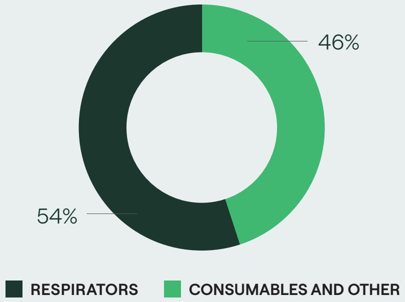
The new Halo WORK makes working in dusty environments easier:

- TM3 P3 Filtration, suitable for protection against airborne particulates and dust.
- AirSensit Technology provides on-demand positive-pressure cool air
- Battery life of up to 8 hours*
- Certified to be worn with half face mask
- Lightweight power unit is 340 grams (excludes filter and mask)
- Comfortable to wear with a fabric head-harness, fitting easily under hard hats
- Rear hook provides comfortable weight distribution
- Battery charge is maintained between uses so that it is ready to work when you need it
- 1 year product warranty**

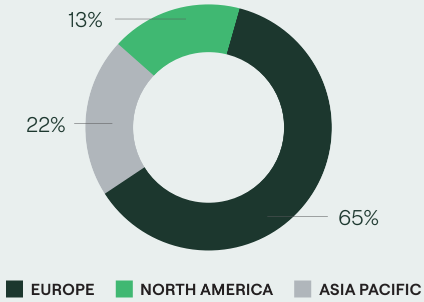
* Operating time is strongly affected by filter type, filter loading, mask seal, work rate, altitude, and other factors. The operating times quoted above are average durations at moderate work rates at sea level. Actual operating times may vary widely from the quoted average durations. ** Refer to your supplier for further information.

Growth of Sales and Revenue

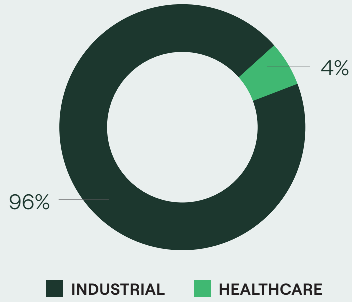
Revenue by Product FY24



Revenue by Region FY24



Revenue by Sector FY24



Europe (Sales $10.1m)

FY24 was an outstanding year throughout Europe. The Company grew sales at 43% in the region, with exceptional sales growth in the priority markets of France, UK and Germany. Sales also grew in the Nordics in a year of restructure where we have laid the foundations for further growth in future years.

We were very encouraged to be able to further strengthen key distributor partnerships and also add new partners to the network in a number of countries. Key end user customers in several key sectors including chemical, waste management and metal manufacture also chose CleanSpace as their preferred supplier during the year. We are confident that we have a strong portfolio, team and network in place in Europe to continue excellent growth momentum into FY25 and beyond.

Asia Pacific (Sales $3.5m)

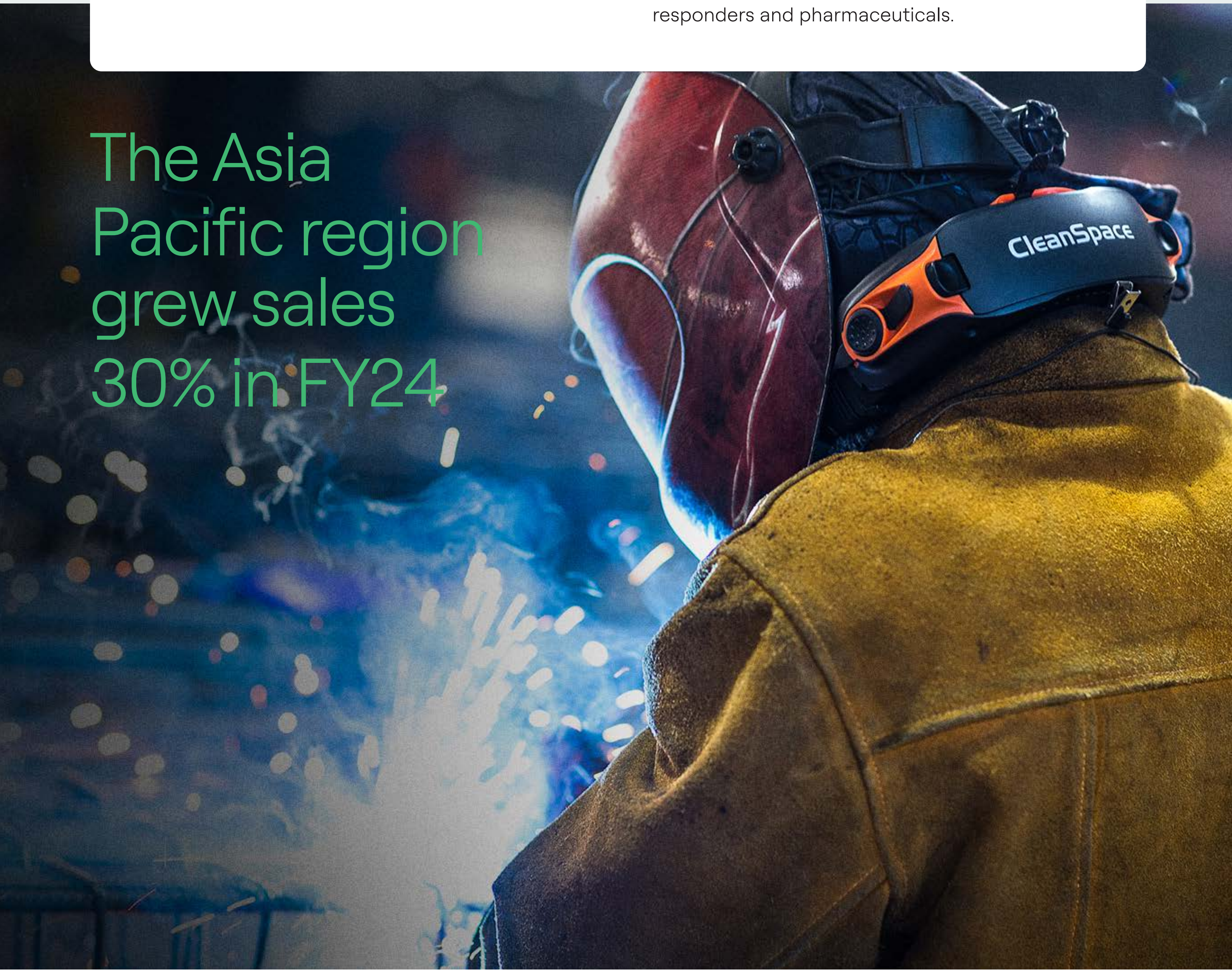
The region grew sales at 30% in FY24, a solid result given the high proportion of healthcare sales in the prior year result.

However, the industrial business grew at 35% in FY24. Australia is the key market in APAC and is driven by customers in the mining, infrastructure and construction sectors. We currently have limited industrial sales in Asia, and we are examining strategic options to enter selected markets during FY25.

North America (Sales $2.1m)

It was a year with mixed trends with a 9% sales decline, however sales and sales growth trended upwards at a steady rate throughout the year. Sales in H1 declined by 42% due to a large one-off sale in Q2 FY23 which distorts the underlying picture. But sales in H2 grew by 60%. The underlying sales growth in FY24 was 26% which was the best industrial sales result since the Company entered the US market in 2018.

Customer sector sales were quite broad with good demand in manufacturing and first responders and pharmaceuticals.



The Asia Pacific region grew sales 30% in FY24

Expanding the Respirator Range

● WORK ● CST PRO ● CST ULTRA ● EX ● HALO

Global respiratory safety trends are demanding higher levels of minimum protection for workers. CleanSpace's commitment to meeting the evolving needs of workers around the world underpins their innovation to develop new and better ways to provide superior protection that is light, comfortable and affordable.

In the last 18 months the Company has introduced two significant product innovations:

The CST Range – ULTRA & PRO

Launched in early 2023 the compact and advanced CST PRO and CST ULTRA models have quickly become leading respirators in the market. The CST range is well-known for its Bluetooth capabilities and integrated filter chips, with real-time monitoring being a crucial benefit. The incorporation of CST reporting insights tools underscores CleanSpace's commitment to providing innovative respiratory management solutions.

Launch of CleanSpace WORK

The introduction of CleanSpace WORK in April 2024 directly addresses the market's demand for an everyday powered air-purifying respirator (PAPR). This product launch allows value-minded trades people (currently often using air-purifying respirators or APRs) with access to enhanced protection and a peace of mind.

CleanSpace's Unique Innovation

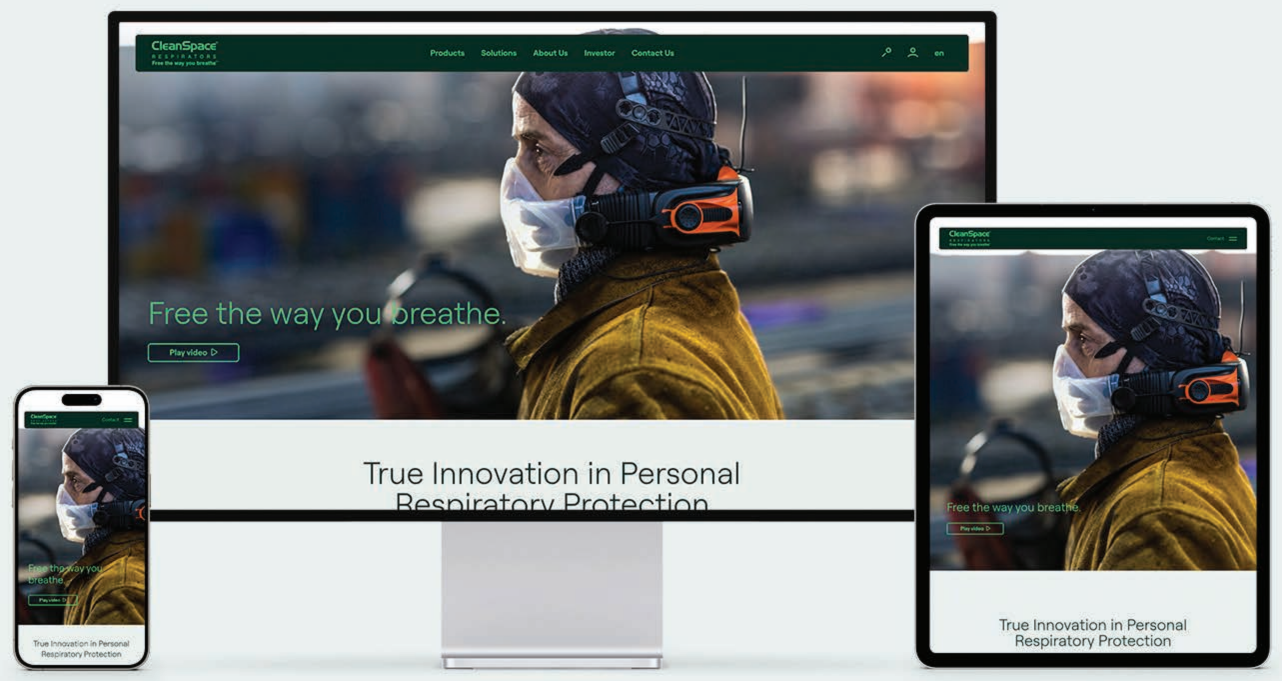
The CleanSpace engineering team focuses on delivering impactful innovations for workers.

CleanSpace respirators are globally recognised for specialised applications across diverse environments, from daily tasks to hazardous and intrinsically safe mining operations.

They feature many unique and IP protected technologies including:

- AirSensit™ technology that measures positive mask pressure 100 times a second and adjusts the air flow automatically, so that the user experiences a natural breathing cycle
- High performance filters with 99.97% protection – and a wide range to address many airborne contaminants
- Enhanced battery life of up to 14 hours*
- CST Range has Bluetooth connectivity which enables the user to monitor filter and battery usage as well as respirator protection functionality

*Operating time is strongly affected by filter type, filter loading, mask seal, work rate, altitude, and other factors. The operating times quoted above are average durations at moderate work rates at sea level. Actual operating times may vary widely from the quoted average durations.



Focus on Solutions

CleanSpace has customers in over 30 countries. Our commitment to our customers is to provide solutions to them 24x7 so that they have access to crucial information to support their workers and their business operations. In FY24, CleanSpace tailored its online membership access into three categories. There are currently 2000 active members and registration is growing.

Learning and Resources

Tailored for workers and users:

- Self-directed learning modules for each type of respirator (including a Certificate of Completion)
- Downloadable workplace documents and posters
- Checklists and How-to Guides
- Consumable Selection Guides
- General Maintenance Information

Partner Resources

Tailored for Distributors and Resellers:

In addition to the above, they access marketing materials to assist with their sales and marketing training and initiatives:

- Marketing and image collateral
- Brochures and flyers
- Technical documents for their internal sales teams

CleanSpace Service Partners

Tailored for Technicians only and provides them with the tools they need to ensure that CleanSpace Respirators are properly serviced:

- Safety and performance self-directed learning modules
- Videos and service resource documents
- Service Manuals and Instruction sheets

Partnerships for Prevention

Silicosis, caused by inhaling crystalline silica dust, is a significant concern in industries such as construction and mining.

Workers have faced hazardous silica exposure for decades, resulting in diseases such as silicosis, chronic obstructive pulmonary disease (COPD), and lung cancer. In response, countries like Australia have banned some silica-containing engineered stone, while the EU, UK and USA enforce stringent regulations on permissible exposure limits (PEL) and require high-level respiratory protection in affected industries.

Recognising these risks and the critical need to protect workers, CleanSpace is committed to raising awareness and driving prevention efforts. In FY24, the company developed partnerships with two leading organisations at the forefront of silicosis prevention, demonstrating our dedication to safeguarding those exposed to silica.

Proudly Supporting

TRADIE HEALTH INSTITUTE

The Tradie Health Institute's mission is to improve the health of those affected by silicosis-related lung disease. Tradie Health Institute has pioneered silicosis research, and it supports affected tradies and prevention initiatives.

In 2024 CleanSpace donated $20 to the Tradie Health Institute for every purchase of CleanSpace WORK.

AIHS Australian Institute of Health & Safety

The Australian Institute of Health & Safety is the health and safety profession collectively working together to positively shape workplace health and safety in our society.

CleanSpace has been working on educational initiatives including editorials and webinars focusing on improving respiratory protection for workers.

Research that demonstrates CleanSpace's Superior Protection

Three Australian universities have demonstrated interest in conducting independent Workplace Protection Factor (WPF) studies using CleanSpace respirators. Two sites have already received approval for the Ethics submissions.

These studies will assess respiratory protection levels to provide strong evidence for decision-makers when they are selecting RPE for their worksites. 100 participants to date have been approved for recruitment to these studies.

A leading US University commenced an independent mining study on 1 September 2023, at sites where CleanSpace EX (or one other PAPR) has been deployed.

This study will provide a comprehensive review of current standards and the best use of PAPRs for RPE. A final draft review will be submitted to NIOSH in late 2025.

Case Study

Transforming Worker Safety in Australian Open-cut Quarrying/ Mining

Challenge: An Australian open-cut mine faced hot, dusty, and cramped working conditions. Workers needed lightweight, comfortable respirators with cool airflow that were easy to use and manage.

Solution: After a collaborative consultation process, CleanSpace Technology set up a 4-week pilot with trained employees to test their units in challenging environmental conditions.

Result: Feedback was highly positive, highlighting the units' lightness, comfort, good airflow, durability, and ease of use. Workers appreciated the lack of waist-mounted battery packs and the simplicity of donning and doffing.

Conclusion: The successful pilot led to the adoption of CleanSpace respirators across multiple quarry sites at this company and greatly improving worker safety and satisfaction.

People and Values

At CleanSpace we believe that people and culture are critical to success alongside our outstanding technology and products.

We are committed to creating a workplace culture which enables us to optimise our performance as individuals and as a team.

We focus on hiring great talent, development programs and continual learning to enable our people to transform our business.

We have implemented policies and procedures to support our growth and transition from a technology centric company to one that is finely attuned to the needs of our customers.

We aim to provide outstanding solutions, service and support that will meet our customers needs and make it easy to do business with us.

As a health and safety business, we are fully aware of the impact of our products on user safety, so our Values and how we conduct our business are critically important. Our Values guide our decisions and we strive to live by them everyday:

Integrity – we do the right thing even when nobody is watching

Accountability – we do what we say we will do

Focus – we do a few things really well and are specialists in our chosen fields

Excellence – we have an unwavering commitment to achieving the best results

Teamwork – we achieve together through cooperation and communication

CleanSpace®
RESPIRATORS
Free the way you breathe™

Financial Report

Directors' Report

For the year ended 30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'the Company') 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 2024.

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 Chair
Lisa Hennessy	Non-Executive Director
Dan Kao	Executive Director and Director of Innovation and Operations
Graham McLean**	Executive Director and Chief Executive Officer
Paul Cassano*	Non-Executive Director

*Mr Paul Cassano was appointed by the Board as a Non-Executive Director effective 1 September 2023.
**On the 15th August 2024 it was announced that the consolidated entity's Chief Executive Officer would transition from the CEO role to a Non-Executive Director role in late 2024.

Mr Bruce Rathie

Independent Non-Executive Chairman

B.Comm, LLB, MBA, FIML, FAICD, FGIA, Grad Dip CSP, SA Fin

Appointed: October 2021; age 68

Interest in shares: 100,000
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 The Market Limited (ASX:MKT) 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.

Ms Lisa Hennessy

Independent Non-Executive Director

MBA, B.Sc (Hons)

Appointed: December 2021; age 57

Interest in shares: 100,000
Interest in options: nil

Ms Hennessy is an American born Harvard Business School 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 an 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 sits on the boards of Aikenhead Centre for Medical Discovery (ACMD), and the Harvard Club of Victoria. She was previously on the board of Nitro Software Limited (ASX:NTO), Murray River Organics (ASX:MRG), Walter and Eliza Hall Institute of Medical Research Commercialisation Committee, 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 of M&A at GE Capital, and was also a Consultant at Bain & Company.

Directors (cont.)

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.

Mr Paul Cassano

Independent Non-Executive Director

B.Eng(Mining), MBA(Exec)
Appointed: September 2023; age 61

Interest in shares: nil
Interest in options: nil

Mr Cassano has over 30 years resources industry experience in senior executive and operations management roles with companies including BHP, Thiess and Downer where he was most recently CEO Mining, successfully leading high performance teams to superior business outcomes and embedding a positive culture.

Mr Cassano holds a Bachelor of Engineering in Mining from the University of Sydney and a Master of Business Administration (Executive) from the University of Queensland. He is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

Mr Cassano brings both technical and leadership experience and has global and multinational company experience.

Mr Dan Kao

Executive Director and Director of Innovation and Operations

B.Mech. Eng (Hons) & M. Biomedical Eng.
Appointed: August 2011; age 46

Interest in shares: 2,600,446
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 Industrial and healthcare setting for over 20 years, and has extensive experience in manufacturing, supply chain optimisation, quality management systems and in securing patents for innovative technologies.

Mr Graham McLean

Chief Executive Officer

B.Sc. (Hons), CPA, FCMA
Appointed: February 2022 as a Non-Executive Director, 10 January 2023 as Interim Chief Executive Officer (CEO) and 22 March 2023 as CEO; age 60

Interest in shares: 315,608
Interest in restricted stock units: 168,750
Interest in performance rights: 525,000

Mr McLean is a very experienced senior executive, having worked with NYSE-listed Stryker for 16-years, and brings significant operational and healthcare experience. Stryker is a global company offering a range of products and services, including healthcare PPE, sold via distributors and direct sales. At Stryker, Mr McLean held several senior positions, including President Japan, President Australia/New Zealand and President Asia Pacific, based in Singapore and Hong Kong. During this time, Mr McLean was responsible for transforming Asia Pacific, including restructuring their China distribution to accelerate growth of the business, resulting in Asia Pacific becoming a fast growing, multi-billion-dollar sales region.

Mr McLean is a Non-Executive Director and Chair of Universal Biosensors, Inc. (ASX:UBI), Non-Executive Director of Fisher & Paykel Healthcare Ltd, and a board member/Chair 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.

Ms Elissa Hansen

Company Secretary*

Ms Hansen is Chartered Secretary with 20 years' experience as a Company Secretary. Ms Hansen has acted as the Company Secretary for a range of ASX listed companies. Ms Hansen 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.

*Ms Elizabeth Harvey was Joint Company Secretary with Ms Hansen until 28th August 2023. Ms Harvey's resignation as Chief Financial Officer and Joint Company Secretary was effective 28th August 2023.

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 and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Bruce Rathie	11	11	3	3	3	3
Graham McLean	11	11	1	1	1	1
Dan Kao	11	11	-	-	-	-
Lisa Hennessy	11	11	3	3	3	3
Paul Cassano*	9	9	2	2	2	2

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

Dividends

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

Principal activities

The principal activities of the Company 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 change in the nature of these activities occurred 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 aims to drive market awareness and penetration for frontline workers. CleanSpace's advanced solutions enable managers and their staff to evolve their respiratory protection programs to dramatically improve protection.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $3,127,141 (30 June 2023: $8,131,593).

A summary of the results for the year is below:

	Year ended 30 June 2024 $	Year ended 30 June 2023 $	Change %
Revenue from sales of goods and services	15,721,701	12,092,638	30F
Cost of sales	(4,362,382)	(3,687,361)	18U
Gross profit	11,359,319	8,405,277	35F
Operating expense	(14,889,464)	(18,903,942)	21F
Operating EBITDA	(3,530,145)	(10,498,665)	66F
Share-based payment expenses	(269,667)	(311,209)	13F
Foreign currency gain/(loss)	(70,583)	21,512	>100U
Other non-recurring items	–	11,532	100U
EBITDA	(3,870,395)	(10,776,830)	64F
Depreciation, amortisation and impairment	(943,600)	(1,042,976)	10F
Finance income/(finance cost)	224,447	(6,766)	>100F
Loss before income tax	(4,589,548)	(11,826,572)	61F
Income tax benefit	1,462,407	3,694,979	60U
Loss after tax	(3,127,141)	(8,131,593)	62F

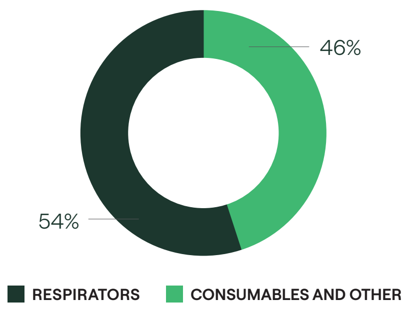
Sales, gross profit and margin

Sales for the year were $15.7 million, an increase of 30% over the prior year. Gross margin was 72% (compared to 70% in the prior year). The majority of revenue was derived from a strengthening industrial business. Sales in the second half of the year (2H FY24) were up 16% on sales in the first half of the year (1H FY24) and were also up by 32% on 2H FY23.

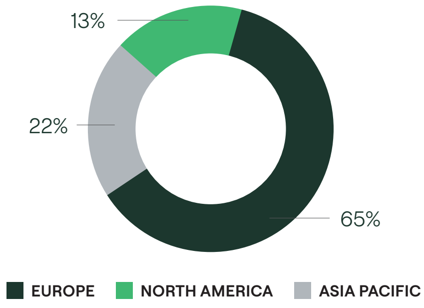
Review of operations (cont.)

Sales, gross profit and margin (cont.)

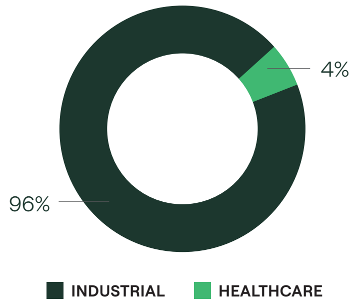
Revenue by Product FY24



Revenue by Region FY24



Revenue by Sector FY24



FY24 regional sales were Europe 65% (FY23: 59%) Asia 22% (FY23: 22%), North America 13% (FY23: 19%). The regional shift reflected the decline in healthcare sales in North America and Asia Pacific and a strengthening industrial business, particularly in Europe. Respirators contributed 54% of revenue (FY23: 52%). Consumables, accessories, and other revenue (CA&S) contributed 46% (FY23 48%) of total revenue for the year.

CleanSpace maintained a gross profit margin (GM) at 72%. The GM was up on the prior year (FY23: 70%) reflecting efficiencies and cost savings in production and stock control.

Operating expenses

Operating expenses reduced by 21% compared to the prior year as the Company continued to implement cost management initiatives to drive efficiency and operate on a sustainably lower cost base.

Operating expenses (excluding share-based payments) consist of:

	Year ended 30 June 2024 $	Year ended 30 June 2023 $	Change %
Employee benefits expense and staff related expenses	9,092,840	12,271,778	26F
Marketing and sales expenses	1,564,316	2,271,036	31F
Legal and professional fees	707,852	905,691	22F
Research, development and intellectual property expenses	806,626	748,387	8U
Other operating expenses (excluding depreciation, amortisation and impairment)	2,717,830	2,707,050	1U
Total	14,889,464	18,903,942	

- Employee benefits and staff related expenses decreased by 26% mainly due to resignations in the US. The Company's headcount fell by 13% from June 2023 to June 2024. Employment costs remain the largest expense.
- Marketing and selling expenses were down 31%. The cost management program also removed some fixed costs related to selling agents, as the Company moved to a more variable cost base. Warranty replacement costs were also lower as prior warranty issues have been resolved and warranties on large sales during COVID have expired.
- Legal and professional fees decreased by 22% overall as consulting costs fell by 57% largely due to a reduction in fees paid for professional services.

Review of operations (cont.)

Operating expenses (cont.)

- Research, development (R&D) and intellectual property (IP) expenses, were up 8% as we launched Halo Work.
- Other operating expenses were in line with the prior year. This category includes general and administrative expenses such as public company costs, occupancy costs, travel and insurance. The Company continues to focus on operating efficiencies and managing its cash position. Recruitment costs were slightly higher as the Company began to hire new talented sales leaders in all regions. Insurance costs were lower as we renewed our cover at more favourable rates.

Depreciation, amortisation and impairment expenses

Depreciation, amortisation and impairment expenses were 10% lower than the prior year.

Finance cost net

Net interest income increased from a net expense of $6,766 in FY23 to a net income of $224,417 in FY24. The increase in interest income is due to rising interest rates.

Income tax benefit

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

Financial position

The following table provides a snapshot of the important balances from the Company's statement of financial position as at 30 June 2024.

	As at 30 June 2024 $	As at 30 June 2023 $	Movement %
Cash (including term deposits)	9,763,901	12,157,909	(20)
Trade and other receivables	3,645,053	3,418,688	7
Inventories	2,865,494	2,990,269	(4)
Borrowings	(2,766,513)	(2,838,304)	(3)
Net assets	19,102,010	21,955,479	(13)

The Company's balance sheet remains strong with cash of $9.8 million at 30 June 2024. The cash level decreased from $12.2 million at 30 June 2023 to $9.8 million at 30 June 2024 due to the operating losses incurred.

Trade and other receivables balances increased in FY24, mainly due to the timing of sales. Q4 FY24 sales were 49% higher than Q4 FY23.

Inventory levels continued to be managed downwards, responding to the sales levels and freeing up working capital. The company continues to be well positioned to respond to potential supply constraints.

Significant changes in the state of affairs

On the 15th August 2024 it was announced that the consolidated entity's Chief Executive Officer would transition from the CEO role to a Non-Executive Director role in late 2024. The Company has a search process underway and will advise when the appointment of a new CEO is made, which is expected in late 2024.

In the opinion of the Directors, other than the matters described above and in the Chairman and CEO Letter and the FY24 Key Highlights on pages 2 to 12 of this Annual Report, there were no significant changes in the state of affairs of the Company during the financial year under review and to the date of this Annual Report.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2024 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 of the Company are provided in the Chairman and CEO Letter and FY24 Key Highlights on pages 2 to 12 of this Annual Report. The current operating environment continues to make accurate forecasting challenging. Further information on likely developments in the operations of the Company and the expected results of operations has not been included in the Annual Report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Risk management

The Board of Directors ('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 Company's risk profile.

Key business risks

The nature of the Company'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 risks that may impact the future performance of the Company are described below. Shareholders should note that this list is not a comprehensive list 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) Market risks

The markets that the Company operate in vary significantly. The Company sells to approximately 30 countries around the world, all with varying market dynamics, with many local factors influencing the nature and growth rates of those markets. Secondly the Company sells into many different sectors from mining to infrastructure to healthcare settings. These market sectors also have a variety of dynamics which affect the business of suppliers, and which are not within the control of the Company. CleanSpace monitors these risks regularly and adjusts its strategies and priorities accordingly.

c) Talent management risks

The successful operation of the Company depends on the performance and expertise of is key personnel, including senior executives and high performing employees with specialist skills. There is a risk that CleanSpace will not be able to retain key personal or attract suitably qualified replacements and any failure to do so may adversely affect the Company's operating and financial performance.

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

d) Operations and supply chain

The Company monitors and closely manages the ongoing supply chain risks, including reliance on suppliers of key materials in Asia and global shortages of certain materials. All manufacturing operations are in-house.

No major disruption has occurred to the Company'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.

Key business risks (cont.)

e) Cyber security

There are significant risks to business operations and continuity from the presence of cyber security risks. These impact all businesses including CleanSpace. There is risk to the continuity and integrity of the Company's business systems and data held in those systems. These are crucial for the ongoing smooth operation of the business. The Company has taken steps to mitigate against these potential risks including working with third party providers to provide an adequate level of security against potential attacks.

f) Product liability and brand reputation

Any defects in CleanSpace's products may harm its and its customers' workforce and CleanSpace's reputation and business. CleanSpace may also be subject to warranty and liability claims for damages related to defects in its products. In addition, the products may be subject to a recall, withdrawal or other regulatory action. The Company manages this risk by operating a compliant Quality Management System across all aspects of the design, manufacture and release of products to the market. The Company also has product liability insurance in place.

g) Competitors and new market entrants

CleanSpace operates in an environment where it is possible that new entrants or existing competitors may innovate and introduce new products to the market, that deliver a similar or superior solution and customer offering to that currently offered by CleanSpace, or, subject to competition law constraints, combine with other providers to deliver enhanced scale benefits with which CleanSpace is unable to compete with effectively. In such circumstances, there is a risk that CleanSpace is unable to compete successfully against existing or new competitors, which may cause the Company's business and financial performance to be harmed. To address this risk, CleanSpace has invested in R&D, as evidenced by the launch of Halo Work in FY24, and also continues to develop its product roadmap. CleanSpace also seeks appropriate patent, design and trademark protection and manages any identified IP risks.

Environmental regulation

The Company'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 Company are the individuals whose details are set out below.

Name	Position	Term
Non-Executive Directors		
Bruce Rathie	Non-Executive Director and Chair	Full financial year
Lisa Hennessy	Non-Executive Director	Full financial year
Paul Cassano	Non-Executive Director	From 1 September 2023
Executives		
Dan Kao	Executive Director and Director of Innovation and Operations	Full financial year
Graham McLean	Executive Director and Chief Executive Officer	Full financial year
Bree Greeff	Interim Chief Financial Officer Chief Financial Officer	From 1 August 2023 From 1 March 2024

Remuneration report (audited) (cont.)

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
- 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 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.

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 Company has entered into an appointment letter with each of its Non-Executive Directors. The annual fees awarded to Non-Executive Directors are as follows:

Base Fee	From 18 Oct 2021
Chair	$150,000
Non-Executive Director	$76,750

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

Remuneration report (audited) (cont.)

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

Committee Fees	Chairman Fee $	Member Fee $
Audit and Risk Management Committee	$15,000	$6,468
Remuneration and 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 Company's medium and long-term performance objectives.

Short-term incentive ("STI") program

In respect to the executives, the short-term incentive ('STI') program is designed to align the targets of the Company with their performance hurdles. 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 July 2024. 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:

Remuneration report (audited) (cont.)

Long-term ('LTI') incentive plan (cont.)

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

Remuneration report (audited) (cont.)

Long-term ('LTI') incentive plan (cont.)

Ceasing employment (cont.)

- 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.

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.

.

[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.

Remuneration report (audited) (cont.)

Long-term ('LTI') incentive plan (cont.)

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 Company into disrepute, is in breach of his or her obligations to the Company, 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 Companys' financial performance over the last five years:

	30 June 2024 $	30 June 2023 $	30 June 2022 $	30 June 2021 $	30 June 2020 $
Sales revenue	15,721,701	12,092,638	13,358,258	49,925,566	28,405,539
Gross profit margin	72%	70%	73%	77%	74%
(Loss)/profit after income tax	(3,127,141)	(8,131,593)	(11,281,435)	11,387,122	5,922,149
Total comprehensive (loss)/income attributable to the owners of CleanSpace Holdings Limited	(3,123,136)	(8,108,990)	(11,276,077)	11,386,689	5,933,144
Cash flow from operations	(1,726,827)	(11,960,722)	(12,996,483)	13,456,596	4,707,349
Share price*	0.25	0.20	0.74	1.54	n/a

*Company listed in October 2020.

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 $	Annual leave accrued/ (used) Net $	Superannuation contributions $	Long service leave accrued $	Share-based compen-sation $	$
Non-Executive Directors							
Bruce Rathie							
2024	**146,789**	**-**	**-**	**16,147**	**-**	**28,914**	**191,850**
2023	138,237	-	-	14,515	-	60,341	213,093
Lisa Hennessy							
2024	**90,406**	**-**	**-**	**9,945**	**-**	**-**	**100,351**
2023	84,424	-	-	8,864	-	-	93,288
Paul Cassano							
2024	**73,097**	**-**	**-**	**8,041**	**-**	**-**	**81,138**
2023	-	-	-	-	-	-	-
Subtotal – Non-Executive Directors							
2024	**310,292**	**-**	**-**	**34,133**	**-**	**28,914**	**373,339**
2023	222,661	-	-	23,379	-	60,341	306,381
Executives							
Graham McLean[1]							
2024	**353,430**	**-**	**(14,687)**	**38,877**	**1,088**	**143,809**	**522,517**
2023	164,047	-	6,158	17,225	120	70,625	258,175
Dr Alex Birrell *(in FY23 from 1 July 2022 to 13 February 2023)*							
2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2023	271,237	-	7,001	28,480	6,213	40,820	353,751
Dan Kao							
2024	**252,210**	**-**	**(2,769)**	**27,743**	**(25,767)**	**11,774**	**263,191**
2023	285,020	-	(49,388)	29,927	6,587	18,059	290,205
Elizabeth Harvey *(in FY24 from 1 July 2023 to 28 August 2023)*							
2024	**96,652**	**-**	**-**	**5,018**	**-**	**(53,138)**	**48,532**
2023	276,923	-	8,495	29,077	5,558	23,376	343,429
Bree Greeff[2]							
2024	**221,250**	**-**	**10,789**	**24,338**	**1,644**	**49,316**	**307,337**
2023	-	-	-	-	-	-	-
Subtotal – Executives							
2024	**923,542**	**-**	**(6,667)**	**95,976**	**(23,035)**	**151,761**	**1,141,577**
2023	997,227	-	(27,734)	104,709	18,478	152,880	1,245,560
Grand total							
2024	**1,233,834**	**-**	**(6,667)**	**130,109**	**(23,035)**	**180,675**	**1,514,916**
2023	1,219,888	-	(27,734)	128,088	18,478	213,221	1,551,941

[1] Graham McLean's remuneration for FY23 includes total fees earnt for his role as CEO and, prior to his appointment as CEO in March 2023, as a Non-Executive Director and as Interim CEO.

[2] Bree Greeff's remuneration for FY24 includes total remuneration for her role as Financial Controller prior to her appointment as Interim CFO in 1 August 2023 and as CFO in 1 March 2024.

Remuneration report (audited) (cont.)

Share-based compensation

The amounts included in the table above in respect of share-based compensation granted under the equity-based payments component of remuneration represent the amortisation of the fair value at date of grant (or from the start of the service period if the equity grants are subject to shareholder approval) over the expected life of the instrument, taking into account the terms and conditions upon which the instruments were granted.

Issue of shares

The following shares were issued during the year ended 30 June 2024:

- Bree Greeff – 120,000 Restricted Share Units ('RSU's) with a vesting period of 3 years.

The Remuneration and Nomination committee and the Board agreed that a voluntary proportion of FY24 STI will be paid in shares at the 15-day volume weighted average price immediately after the lodgement of the FY24 results, following the Annual General Meeting, with directors' shares subject to shareholder approval. The approved amounts included in share-based compensation are as follows:

- Graham McLean - Shares to the value of $72,960
- Dan Kao - Shares to the value of $9,374
- Bree Greeff - Shares to the value of $30,600

Service arrangements – Executives

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

Components	Requirement			
	Graham McLean	Dan Kao*	Elizabeth Harvey**	Bree Greeff***
Fixed remuneration including superannuation	$400,000	$335,944	$326,400	$266,400
Variable cash bonus (maximum) including superannuation	$160,000	$114,056	$117,600	$72,000
Fixed versus variable (%)	71% / 29%	75% / 25%	74% / 26%	79% / 21%
Variable - other	Participation in the Company'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

** Elizabeth Harvey tendered her resignation, effective 28 August 2023.

*** Bree Greeff appointed as Interim CFO, effective 1 August 2023 and CFO, effective 1 March 2024.

Remuneration report (audited) (cont.)

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 2023 or date of KMP commencement	Vested during FY24	FY24 Acquired	FY24 (Disposed)	Other**	Total
Non-Executive Directors							
Bruce Rathie	Ordinary Shares	100,000	–	–	–	–	100,000
	Unvested Options[1]	400,000	(200,000)	–	–	–	200,000
	Vested Options	200,000	200,000	–	–	–	400,000
Lisa Hennessy	Ordinary Shares	100,000	–	–	–	–	100,000
Paul Cassano	Ordinary Shares	–	–	–	–	–	–
Executive Directors							
Graham McLean[2]	Ordinary Shares	53,758	–	261,850	–	–	315,608
	Unvested Restricted Stock Units	–	–	168,750	–	–	168,750
	Vested Restricted Stock Units[3]	56,250	–	–	(56,250)	–	–
	Unvested Performance Rights	–	–	525,000	–	–	525,000
Dan Kao	Ordinary Shares[4]	2,590,000	–	10,446	–	–	2,600,446
	Unvested Options	34,209	(34,209)	–	–	–	–
	Vested Options	34,209	34,209	–	–	–	68,418
Executives							
Elizabeth Harvey	Ordinary Shares	458,065	–	–	–	(458,065)	–
	Unvested Options	44,281	–	–	–	(44,281)	–
	Vested Options	44,281	–	–	–	(44,281)	–
Bree Greeff	Ordinary Shares	–	–	13,200	–	–	13,200
	Unvested Restricted Stock Units	–	(13,200)	160,000	–	–	146,800
	Vested Restricted Stock Units[5]	–	13,200	–	(13,200)	–	–

[1] Options held by Katrat Investments Pty Ltd Rathie Family A/C>

[2] Securities held by Milray Enterprises Pty Ltd Graham McLean Family A/C>

[3] Vested RSUs were exercised and converted into ordinary shares

[4] 40,446 Shares held by Yvonne Lu (Spouse)

[5] Vested RSUs were exercised and converted into ordinary shares

** 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

Transactions with related parties in the year ending 30 June 2024 $31,065 (30 June 2023: $0).

There were no receivables due from or to related parties at 30 June 2024 (30 June 2023: $0).

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the most recent AGM held by the Company on 13 November 2023, 99.55% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. 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 2024 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.

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	
	2024 $	2023 $
Tax compliance	35,450	50,585

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,

Graham McLean

Graham McLean
CEO

Bruce Rathie
Director

27 August 2024

Auditor's Independence Declaration

For the year ended 30 June 2024

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839
755 Hunter Street, Newcastle West NSW 2302
Level 8, 1 O'Connell Street, Sydney NSW 2000

Newcastle T: +61 2 4962 2688 F: +61 2 4962 3245
Sydney T: +61 2 8346 6000 F: +61 2 8346 6099
info@pkf.com.au
www.pkf.com.au

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 2024 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

27 AUGUST 2024
SYDNEY, NSW

General Information

For the year ended 30 June 2024

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 Pty 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 27 August 2024. 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 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Revenue from the sale of goods and services			
Revenue from the sale of goods and services	3	15,721,701	12,092,638
Cost of sales		(4,362,382)	(3,687,361)
Gross profit		11,359,319	8,405,277
Other income	4	30	11,532
Expenses			
Employee benefits and staff related expenses	5	(9,333,594)	(12,522,646)
Depreciation, amortisation and impairment expenses	5	(943,600)	(1,042,976)
Legal and professional fees		(736,765)	(966,032)
Marketing and sales expenses		(1,564,316)	(2,271,036)
Administration and other operating expenses	5	(2,788,413)	(2,685,538)
Research, development and intellectual property expenses		(806,626)	(748,387)
Operating loss		(4,813,965)	(11,819,806)
Finance income - interest		365,136	233,931
Finance costs	5	(140,719)	(240,697)
Loss before income tax benefit		(4,589,548)	(11,826,572)
Income tax benefit	6	1,462,407	3,694,979
Loss after income tax benefit for the year attributable to the owners of CleanSpace Holdings Limited	39	(3,127,141)	(8,131,593)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		4,005	22,603
Other comprehensive income for the year, net of tax		4,005	22,603
Total comprehensive loss for the year attributable to the owners of CleanSpace Holdings Limited		(3,123,136)	(8,108,990)
		Cents	Cents
Basic earnings per share	37	(4.05)	(10.56)
Diluted earnings per share	37	(4.05)	(10.56)

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 2024

	Note	Consolidated 2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	7	2,747,708	3,115,810
Trade and other receivables	8	3,645,053	3,418,688
Inventories	9	2,865,494	2,990,269
Other assets	10	413,394	547,284
Financial assets	12	7,016,193	9,042,099
Income tax receivable	13	948,969	1,143,373
Total current assets		17,636,811	20,257,523
Non-current assets			
Property, plant and equipment	14	937,152	1,397,976
Right-of-use assets	11	542,523	1,008,635
Deferred tax	15	6,935,244	6,311,151
Total non-current assets		8,414,919	8,717,762
Total assets		26,051,730	28,975,285
Liabilities			
Current liabilities			
Trade and other payables	16	2,041,235	1,187,588
Borrowings	18	-	154,044
Lease liabilities	19	534,180	483,051
Income tax liability	20	27,889	79,549
Employee benefits	21	732,475	850,105
Provisions	22	388,819	458,123
Contract liabilities	17	39,414	86,433
Total current liabilities		3,764,012	3,298,893
Non-current liabilities			
Borrowings	18	2,766,513	2,684,260
Lease liabilities	19	145,607	679,787
Deferred tax liabilities	23	195,859	277,716
Employee benefits	21	77,729	79,150
Total non-current liabilities		3,185,708	3,720,913
Total liabilities		6,949,720	7,019,806
Net assets		19,102,010	21,955,479
Equity			
Issued capital	24	33,550,081	33,443,471
Reserves	25	726,687	745,045
Accumulated losses	39	(15,174,758)	(12,233,037)
Total equity		19,102,010	21,955,479

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 2024

Consolidated	Issued capital $	Reserves $	Accumulated loss $	Non-controlling interest $	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 year	–	–	(8,131,593)	–	(8,131,593)
Other comprehensive income for the year, net of tax	–	22,603	–	–	22,603
Total comprehensive loss for the year	–	22,603	(8,131,593)	–	(8,108,990)
Transactions with owners in their capacity as owners:					
Share-based payments (note 38)	–	311,209	–	–	311,209
Transfer on the forfeiture of options	–	(55,561)	55,561	–	–
Transfer to issued capital	12,907	(12,907)	–	–	–
Balance at 30 June 2023	33,443,471	745,045	(12,233,037)	–	21,955,479

Consolidated	Issued capital $	Reserves $	Accumulated loss $	Non-controlling interest $	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 year	–	–	(3,127,141)	–	(3,127,141)
Other comprehensive income for the year, net of tax	–	4,005	–	–	4,005
Total comprehensive loss for the year	–	4,005	(3,127,141)	–	(3,123,136)
Transactions with owners in their capacity as owners:					
Share-based payments (note 38)	–	269,667	–	–	269,667
Transfer on the forfeiture of options	–	(185,420)	185,420	–	–
Transfer to issued capital	106,610	(106,610)	–	–	–
Balance at 30 June 2024	33,550,081	726,687	(15,174,758)	–	19,102,010

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 2024

	Note	Consolidated 2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,448,347	11,141,428
Payments to suppliers and employees (inclusive of GST)		(18,298,792)	(23,069,348)
		(2,850,445)	(11,927,920)
Interest received		365,136	233,931
Interest and other finance costs paid		(140,719)	(158,777)
Income taxes refunded/(paid)		899,201	(107,956)
Net cash used in operating activities	36	(1,726,827)	(11,960,722)
Cash flows from investing activities			
Payments for property, plant and equipment	14	(30,086)	(5,260)
Sale of financial assets		2,025,906	7,035,912
Proceeds from disposal of property, plant and equipment		–	32,694
Net cash from investing activities		1,995,820	7,063,346
Cash flows from financing activities			
Proceeds from borrowings		–	306,208
Repayment from borrowings		(154,044)	–
Repayment of leases		(483,051)	(517,698)
Net cash used in financing activities		(637,095)	(211,490)
Net decrease in cash and cash equivalents		(368,102)	(5,108,866)
Cash and cash equivalents at the beginning of the financial year		3,115,810	8,224,676
Cash and cash equivalents at the end of the financial year	7	2,747,708	3,115,810

In addition to the cash and cash equivalents in the Statement of Cash Flows above, the Company had term deposits of $7,016,193 (June 2023: $9,042,099). 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 year ended 30 June 2024

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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.

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.

Income tax

The income tax expense or benefit for the period is the tax payable 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

Note 1. Material accounting policy information (cont.)

Income tax (cont.)

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.

R&D tax incentive

For the Research and Development tax incentive a credit is recognised in current tax expense to reflect the benefit of the R&D tax offset with a corresponding increase (debit) to the current tax receivable.

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.

Note 1. Material accounting policy information (cont.)

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	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.

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.

Provisions

A warranty provision is recognised as CleanSpace provides a two year warranty on its industrial respirators and a three year warranty on its Halo healthcare respirators. The obligation arises as a result of the sale of the respirator and it is probable

Note 1. Material accounting policy information (cont.)

Provisions (cont.)

that the Company will be liable to settle a claim should one be made in the warranty period. 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.

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 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.

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.

All changes in the liability are recognised in profit or loss.

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 the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a forfeiture. 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.

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 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. In order to determine whether the deferred tax asset would be recoverable against future tax profits, management used the budget for the next financial year and further forecasts over the following four financial years. Assumptions on revenue growth and expenditure for these forecasts were based on current growth and expected future inflation rates.

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.

Note 2. Critical accounting judgements, estimates and assumptions (cont.)

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.

	Consolidated 2024 $	Consolidated 2023 $

Note 3. Revenue

Disaggregation of revenue

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

	2024 $	2023 $
Major product lines		
Respirators revenue	8,445,297	6,249,125
Consumables, accessories and other revenue	7,276,404	5,843,513
	15,721,701	12,092,638
Timing of revenue recognition		
At a point in time	15,721,701	12,092,638

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 2024 $	Consolidated 2023 $
Revenue by region		
Europe	10,134,263	7,082,936
Asia	3,494,438	2,697,304
North America	2,093,000	2,312,398
	15,721,701	12,092,638

Note 4. Other income

	2024 $	2023 $
Net gain on disposal of property, plant and equipment	–	8,032
Government grants	–	3,500
Other income	30	–
Other income	30	11,532

	Consolidated 2024 $	2023 $
Note 5. Expenses		
Loss before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	190,066	189,365
Property, plant and equipment	291,584	370,429
Right-of-use assets	466,112	464,838
Total depreciation	947,762	1,024,632
Amortisation		
Software	9,260	15,866
Total depreciation and amortisation	957,022	1,040,498
Impairment		
Trade receivables (impairment write-back)/impairment expense	(13,422)	2,478
Total depreciation, amortisation and impairment expenses	943,600	1,042,976
Finance costs		
Interest on government loans	85,387	158,777
Interest and finance charges paid/payable on lease liabilities	55,332	81,920
Finance costs expensed	140,719	240,697
Leases		
Short-term lease payments	18,041	58,162
Administration and other operating expenses		
Recruitment and training expenses	209,772	55,675
Travel and motor vehicle expenses	813,817	749,395
Occupancy expenses	265,456	296,503
Administration expenses	1,006,774	1,170,607
IT and other expenses	422,008	434,870
Net foreign exchange (gain)/loss	70,583	(21,512)
Total adminstration and other operating expenses	2,788,413	2,685,538
Employee Benefits (1)		
Staffing costs included in the profit and loss statement consist of:		
Salaries, wages and other employee costs	7,669,520	10,572,818
Share-based payments	240,754	250,868
Superannuation	484,137	573,431
Pension and social security	608,882	618,080
Payroll tax	330,301	507,449
	9,333,594	12,522,646

(1) An additional $616,008 (FY23: $771,375) of employment expenses are included in costs of sales.

	Consolidated 2024 $	2023 $

Note 6. Income tax benefit

	2024 $	2023 $
Income tax benefit		
Current tax	(722,923)	(937,922)
Deferred tax	(902,237)	(2,418,735)
Adjustment recognised for prior periods	162,753	(338,322)
Aggregate income tax benefit	(1,462,407)	(3,694,979)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(4,589,548)	(11,826,572)
Tax at the statutory tax rate of 25%	(1,147,387)	(2,956,643)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D tax incentive	(940,854)	(1,042,827)
Permanent differences - R&D expenses	540,721	599,326
Permanent differences - Other	(7,751)	51,555
	(1,555,271)	(3,348,589)
Under/(over) provision of income tax in the prior year	96,835	(338,322)
Impact of rates of foreign subsidiaries	(3,971)	(8,068)
Income tax benefit	(1,462,407)	(3,694,979)

Note 7. Cash and cash equivalents

	2024 $	2023 $
Current assets		
Cash at bank	2,747,708	3,115,810

Note 8. Trade and other receivables

	2024 $	2023 $
Current assets		
Trade receivables	2,789,995	2,187,137
Less: Allowance for expected credit losses	(1,557)	(14,979)
	2,788,438	2,172,158
Other receivables	160,332	8,437
Deposits	696,283	1,238,093
	3,645,053	3,418,688

Note 8. Trade and other receivables (cont.)

Allowance for expected credit losses

The consolidated entity has recognised a credit of $13,422 in profit or loss in respect of the expected credit losses for the year ended 30 June 2024.

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2024 %	2023 %	2024 $	2023 $	2024 $	2023 $
Not overdue	–	–	1,842,294	1,346,832	–	–
0 to 3 months overdue	–	–	858,253	491,662	–	–
Greater than 3 months	–	0.27	74,662	321,215	–	883
Over 6 months overdue	10.53	51.39	14,786	27,428	1,557	14,096
			2,789,995	2,187,137	1,557	14,979

	Consolidated	
	2024 $	2023 $
Movements in the allowance for expected credit losses are as follows:		
Opening balance	14,979	12,501
Additional provisions recognised	1,557	2,478
Receivables previously provided for recovered during the year	(14,979)	–
Closing balance	1,557	14,979

Note 9. Inventories

Current assets		
Raw materials	3,503,434	3,544,432
Less: Provision for impairment	(819,533)	(824,468)
	2,683,901	2,719,964
Work in progress - at cost	–	41,962
Finished goods - at cost	326,350	380,353
Less: Provision for impairment	(144,757)	(152,010)
	181,593	228,343
	2,865,494	2,990,269

	Consolidated 2024 $	2023 $
Note 10. Other assets		
Current assets		
Prepayments	413,394	547,284

Note 11. Right-of-use assets

	2024 $	2023 $
Non-current assets		
Land and buildings - right-of-use	2,382,764	2,382,764
Less: Accumulated depreciation	(1,840,241)	(1,374,129)
	542,523	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 line with the requirements of AASB 16 Leases, the right-of-use asset is being amortised 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

	2024 $	2023 $
Current assets		
Financial assets held at amortised cost	7,016,193	9,042,099

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

Note 13. Income tax receivable

	2024 $	2023 $
Current assets		
Income tax refund due	948,969	1,143,373

	Consolidated 2024 $	Consolidated 2023 $

Note 14. Property, plant and equipment

	2024 $	2023 $
Non-current assets		
Leasehold improvements - at cost	950,329	950,329
Less: Accumulated depreciation	(592,835)	(402,769)
	357,494	547,560
Plant and equipment - at cost	2,349,012	2,318,925
Less: Accumulated depreciation	(1,784,024)	(1,507,878)
	564,988	811,047
Motor vehicles - at cost	31,094	31,094
Less: Accumulated depreciation	(18,138)	(14,251)
	12,956	16,843
Office equipment - at cost	71,385	71,385
Less: Accumulated depreciation	(69,671)	(58,119)
	1,714	13,266
Computer software - at cost	47,604	47,604
Less: Accumulated depreciation	(47,604)	(38,344)
	-	9,260
	937,152	1,397,976

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 2022	731,665	1,163,869	37,478	33,789	25,126	1,991,927
Additions	5,260	-	-	-	-	5,260
Disposals	-	(10,025)	(14,637)	-	-	(24,662)
Exchange differences	-	-	1,112	-	-	1,112
Depreciation expense	(189,365)	(342,797)	(7,110)	(20,523)	(15,866)	(575,661)
Balance at 30 June 2023	547,560	811,047	16,843	13,266	9,260	1,397,976
Additions	-	30,086	-	-	-	30,086
Depreciation expense	(190,066)	(276,145)	(3,887)	(11,552)	(9,260)	(490,910)
Balance at 30 June 2024	357,494	564,988	12,956	1,714	-	937,152

	Consolidated 2024 $	Consolidated 2023 $

Note 15. Deferred tax

Non-current assets
Deferred tax asset comprises temporary differences attributable to:

	2024 $	2023 $
Amounts recognised in profit or loss:		
Tax losses	6,094,100	5,533,251
Employee benefit provisions	188,963	212,818
Property leased	34,316	38,551
Provision for warranties	107,058	114,531
Accrued expenses	266,120	168,029
Other	3,614	(149)
Provision for inventory	241,073	244,120
Deferred tax asset	6,935,244	6,311,151

Note 16. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	618,547	263,933
Other payables	1,422,688	923,655
	2,041,235	1,187,588

Refer to note 27 for further information on financial instruments.

Note 17. Contract liabilities

	2024 $	2023 $
Current liabilities		
Deferred revenue	39,414	86,433
Reconciliation of contract liabilities		
Opening balance	86,433	-
Revenue recognised during the period	(86,433)	-
Payments received in advance	39,414	86,433
Closing balance	39,414	86,433

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as at 30 June 2024 was $39,414 (30 June 2023: $86,433). .

	Consolidated 2024 $	Consolidated 2023 $
Note 18. Borrowings		
Current liabilities		
Insurance premium funding loan	–	154,044
Non-current liabilities		
Loan from NSW Health Administration Corporation	2,766,513	2,684,260
	2,766,513	2,838,304

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

The Company is not required to make any repayments of the loan until the project has achieved commercial success. In the year ended 30 June 2024 the loan has been classified as non-current as the project is not expected to achieve commercial success during the 2025 financial year.

Note 19. Lease liabilities

	2024 $	2023 $
Current liabilities		
Lease liability	534,180	483,051
Non-current liabilities		
Lease liability	145,607	679,787
	679,787	1,162,838

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

	2024 $	2023 $
Current liabilities		
Income tax liability	27,889	79,549

	Consolidated 2024 $	Consolidated 2023 $

Note 21. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	463,739	558,022
Long service leave	268,736	292,083
	732,475	850,105
Non-current liabilities		
Long service leave	77,729	79,150
	810,204	929,255

Note 22. Provisions

	2024 $	2023 $
Current liabilities		
Warranties	388,819	458,123

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	2024 $	2023 $
Opening balance 1 July	458,123	338,758
Net additional provision	170,153	263,439
Provisions used	(239,457)	(144,074)
Balance at 30 June 2024	388,819	458,123

Note 23. Deferred tax liabilities

	2024 $	2023 $
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	95,337	144,829
Prepayments	100,522	132,887
Deferred tax liability	195,859	277,716

	Consolidated 2024 Shares	2023 Shares	2024 $	2023 $
Note 24. Issued Capital				
Ordinary shares – fully paid	77,359,742	77,054,583	33,550,081	33,443,471

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.

	2024 No.	2024 $	2023 No.	2023 $
Movements in share capital				
Balance at the beginning of the year	77,054,583	33,443,471	77,019,523	33,430,564
Shares issued under the employee share plan	305,159	106,610	35,060	12,907
Balance at the end of the year	77,359,742	33,550,081	77,054,583	33,443,471

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.

	Consolidated 2024 $	2023 $
Note 25. Reserves		
Foreign currency reserve	42,528	38,523
Share-based payments reserve (note 38)	684,159	706,522
	726,687	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 payments 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 $	Share-based payments reserve $	Total $
Balance at 1 July 2022	15,920	463,781	479,701
Foreign currency translation	22,603	-	22,603
Transfer on the forfeiture of options	-	(55,561)	(55,561)
Share-based payments	-	311,209	311,209
Transfer to issued capital	-	(12,907)	(12,907)
Balance at 30 June 2023	38,523	706,522	745,045
Foreign currency translation	4,005	-	4,005
Transfer on the forfeiture of options	-	(185,420)	(185,420)
Share-based payments	-	269,667	269,667
Transfer to issued capital	-	(106,610)	(106,610)
Balance at 30 June 2024	42,528	684,159	726,687

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	
	2024 $	2023 $
Financial assets		
Cash and cash equivalents	2,747,708	3,115,810
Trade and other receivables	3,645,053	3,418,688
Other financial assets	7,016,193	9,042,099
	13,408,954	15,576,597
Financial liabilities		
Borrowings	2,766,513	2,838,304
Lease liability	679,787	1,162,838
Trade and other payables	2,041,235	1,187,588
	5,487,535	5,188,730

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 Company holds financial instruments which are other than the Australian Dollar functional currency of the Company.

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

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:

	Assets		Liabilities	
Consolidated	2024 $	2023 $	2024 $	2023 $
US dollars	591,009	608,167	(368,160)	(251,111)
Euros	3,270,069	1,430,815	(651,815)	(236,024)
Pound Sterling	267,524	199,905	(30,260)	(16,465)
Singapore dollars	48,964	66,173	(15,859)	(10,405)
Hong Kong dollars	–	–	(3,829)	(4,192)
	4,177,566	2,305,060	(1,069,923)	(518,197)

The Company had net assets denominated in foreign currencies of $3,107,643 (2023: $1,786,862). Based on this exposure, had the Australian dollars weakened by 5%/ strengthened by 5% (2023: weakened by 5%/ strengthened by 5%) against these foreign currencies with all other variables held constant, the Company's profit before tax for the year would have been $155,382 higher/$155,382 lower (2023: $89,343 higher/$89,343 lower) and equity would have been $116,536 higher/$116,536 lower (2023: $67,007 higher/$67,007 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 2024 was $70,583 (2023: gain of $21,512).

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 Company 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 Company'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 Company 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 - 2024						
Non-derivatives						
Non-interest bearing						
Trade payables	-	618,547	-	-	-	618,547
Other payables	-	1,422,688	-	-	-	1,422,688
Interest-bearing - fixed rate						
Lease liability	6.00	559,811	146,800	-	-	706,611
Borrowings	3.42	-	805,853	1,960,660	-	2,766,513
Total non-derivatives		2,601,046	952,653	1,960,660	-	5,514,359
Consolidated - 2023						
Non-derivatives						
Non-interest bearing						
Trade payables	-	263,933	-	-	-	263,933
Other payables	-	923,655	-	-	-	923,655
Interest-bearing - fixed rate						
Lease liability	6.00	483,051	534,180	145,607	-	1,162,838
Borrowings	6.02	154,044	366,113	2,318,147	-	2,838,304
Total non-derivatives		1,824,683	900,293	2,463,754	-	5,188,730

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.

Note 28. Key management personnel disclosures

Directors

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

Bruce Rathie	Director
Lisa Hennessy	Director
Dan Kao	Director
Graham McLean	Director
Paul Cassano	Director *(Effective 1 September 2023)*

Other key management personnel

The following persons 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 (Termination 28 August 2023)
Bree Greeff	Interim Chief Financial Officer (Effective 1 August 2023) Chief Financial Officer (Effective 1 March 2024)

Compensation

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

	Consolidated	
	2024 $	2023 $
Short-term employee benefits and directors fees	1,233,834	1,219,888
Leave accruals (annual leave and long service leave)	(29,702)	(9,256)
Post-employment benefits	130,109	128,088
Share-based payments	180,675	213,221
	1,514,916	1,551,941

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	112,100	106,750
Other services - PKF		
Tax compliance	35,450	50,585
	147,550	157,335

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 2024 were $406,768 (30 June 2023: $406,768).

Note 31. Commitments

The consolidated entity did not have any commitments at 30 June 2024 or 30 June 2023.

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

The following transactions occurred with related parties during the current financial year.

	Consolidated 2024 $	2023 $
Payment for goods and services		
Short-term employee benefits	28,017	-
Long-term employee benefits	3,048	-

Receivables due from/payables due to related parties

There were no payables or receivables due from related parties at 30 June 2024 (30 June 2023:$0).

Loans to/from related parties

There were no loans to or from related parties at 30 June 2024 (30 June 2023:$0).

Terms and conditions

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

Note 33. Parent entity information

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

	Parent 2024 $	2023 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	(852,390)	(877,417)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive loss	(852,390)	(877,417)
Statement of financial position		
Total current assets	28,292,314	29,294,763
Total non-current assets	7,123,822	6,775,885
Total assets	35,416,136	36,070,648
Total current liabilities	139,235	237,728
Total non-current liabilities	26,704	–
Total liabilities	165,939	237,728
Net assets	35,250,197	35,832,920
Equity		
Issued capital	33,552,933	33,446,323
Reserves	684,159	706,522
Retained profits	1,013,105	1,680,075
Total equity	35,250,197	35,832,920

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 2024 and 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information

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	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Parent Entity:			
CleanSpace Holdings Pty Ltd	Australia	100	100
Subsidiaries:			
CleanSpace IP Pty Ltd	Australia	100	100
CleanSpace Technology Pty Limited	Australia	100	100
CleanSpace Americas, Inc	USA	100	100
CleanSpace Technology Singapore Pte Ltd	Singapore	100	100
CleanSpace NZ Ltd	New Zealand	100	100
CleanSpace Netherlands B.V.	Netherlands	100	100

Note 35. Events after the reporting period

On the 15th August 2024 it was announced that the consolidated entity’s Chief Executive Officer, Graham McLean, would transition from the CEO role to a Non-Executive Director role in late 2024. The Company has a search process underway and will advise when the appointment of a new CEO is made, which is expected in late 2024.

No other matter or circumstance has arisen since 30 June 2024 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.

Note 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2024 $	Consolidated 2023 $
Loss after income tax benefit for the year	(3,127,141)	(8,131,593)
Adjustments for:		
Depreciation and amortisation	957,022	1,040,498
Share-based payment	269,667	311,209
Net gain on disposal of non-current assets	-	(8,032)
Interest on lease liability	-	81,920
Foreign currency differences	4,005	21,492
Change in operating assets and liabilities:		
Increase in trade and other receivables	(226,365)	(952,232)
Decrease in inventories	124,775	753,885
Decrease/(increase) in income tax refund due	202,519	(1,143,373)
Increase in deferred tax assets	(624,093)	(2,596,913)
Decrease in prepayments	133,890	115,741
Increase/(decrease) in trade and other payables	853,647	(1,342,243)
Increase/(decrease) in provision for income tax	(59,775)	22,679
Decrease in deferred tax liabilities	(81,857)	(85,328)
Decrease in employee benefits	(119,051)	(254,230)
Increase/(decrease) in other provisions	(69,304)	119,365
Increase in other operating liabilities	35,234	86,433
Net cash used in operating activities	(1,726,827)	(11,960,722)

Note 37. Earnings per share

	2024	2023
Loss after income tax attributable to the owners of CleanSpace Holdings Limited	(3,127,141)	(8,131,593)
	Cents	**Cents**
Basic earnings per share	(4.05)	(10.56)
Diluted earnings per share	(4.05)	(10.56)
	Number	**Number**
Weighted average number of shares used in calculating basic earnings per share	77,229,674	77,025,841
Weighted average number of ordinary shares used in calculating diluted earnings per share	77,229,674	77,025,841

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. 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 year ended 30 June 2024 under this plan was $269,667 (30 June 2023: $311,209).

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 vested on 18 October 2022, 200,000 vested on 18 October 2023 and 200,000 have a vesting date of 18 October 2024.

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 forfeited 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 forfeited following the resignation of an employee to whom options had been granted.

Set out below are summaries of options granted:

2024 Recipient	Grant date	Expiry date	Exercise price	Balance at 1 July 2023	Granted	Exercised	Expired/ forfeited/ other	Balance at 30 June 2024
Executives	22/10/2021	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

2023 Recipient	Grant date	Expiry date	Exercise price	Balance at 1 July 2022	Granted	Exercised	Expired/ forfeited/ other	Balance at 30 June 2023
Executives	22/10/2021	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

Note 38. Share-based payments (cont.)

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 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)
- Tranche 3 will vest if the CSX share price for any consecutive 60 day period is $2.50 or higher (on a VWAP basis).

30 June 2024

Recipient	Grant date	Expiry date	Exercise price	Balance at 1 July 2023	Granted	Exercised	Expired/ forfeited/ other	Balance at 30 June 2024
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 Binomial 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 year ended 30 June 2024, the Company issued 1,565,000 share awards (in FY23: 1,164,505). 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 a 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).

Set out below are summaries of the restricted share awards granted under the plan:

	No. 30 June 2024	$	No. 30 June 2023	$
Outstanding at the beginning of the financial year	994,378	$0.32	–	$0.00
Granted	1,565,000	$0.30	1,164,505	$0.33
Forfeited	(157,926)	$0.41	(135,067)	$0.36
Exercised	(149,559)	$0.32	(35,060)	$0.37
Outstanding at the end of the financial year	2,251,893	$0.30	994,378	$0.32

Note 38. Share-based payments (cont.)

Expense summary

For the year ended 30 June 2024, the Company recognised $269,667 (30 June 2023: $311,209) of share-based payment expense in relation to:

- Stock options – $16,374 (30 June 2023: $108,467);
- Share awards – $254,009 (30 June 2023: $196,774); and
- Performance rights – $32,032 (30 June 2023: $5,968).

Note 39. Accumulated losses

	Consolidated 2024 $	Consolidated 2023 $
Accumulated losses at the beginning of the financial year	(12,233,037)	(4,157,005)
Transfer on the forfeiture of options	185,420	55,561
Accumulated losses at the beginning of the financial year	(12,047,617)	(4,101,444)
Loss after income tax benefit for the year	(3,127,141)	(8,131,593)
Accumulated losses at the end of the financial year	(15,174,758)	(12,233,037)

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
CleanSpace Holdings Pty Ltd	Public Company	Australia	100	Australian	
CleanSpace IP Pty Ltd	Private Company	Australia	100	Australian	
CleanSpace Technology Pty Ltd	Private Company	Australia	100	Australian	
CleanSpace Americas, Inc	Corporation	USA	100	Foreign	USA
CleanSpace Technology Singapore Pty Ltd	Private Limited Company	Singapore	100	Foreign	Singapore
CleanSpace NZ Ltd	Limited Company	New Zealand	100	Foreign	New Zealand
CleanSpace Netherlands B.V.	Private Limited Company	Netherlands	100	Foreign	Netherlands

Directors' Declaration

For the year ended 30 June 2024

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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,

Graham McLean

Graham McLean
CEO

Bruce Rathie
Director

27 August 2024

Independent Auditor's Report

For the year ended 30 June 2024

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839
755 Hunter Street, Newcastle West NSW 2302
Level 8, 1 O'Connell Street, Sydney NSW 2000

Newcastle T: +61 2 4962 2688 F: +61 2 4962 3245
Sydney T: +61 2 8346 6000 F: +61 2 8346 6099
info@pkf.com.au
www.pkf.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLEANSPACE HOLDINGS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of CleanSpace Holdings Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information and other explanatory information, the consolidated entity disclosure statement, and the directors' declaration of the Group 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 the Group 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 2024 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

Key Audit Matters (cont'd)

1. Inventory existence and valuation

Why significant	How our audit addressed the key audit matter
As at 30 June 2024, the carrying value of inventory was $2,865,494 (2023: $2,990,269), 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.

2. Revenue Recognition

Why significant	How our audit addressed the key audit matter
The Group's sales revenue amounted to $15,721,701 during the year (2023: $12,092,638). 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*.

PKF

3. Recognition and valuation of Deferred Tax Asset

Why significant	How our audit addressed the key audit matter
As disclosed in Note 15 of the financial report, at 30 June 2024 the Group has recorded a deferred tax asset of $6,935,244 (2023: $6,311,151) relating to deductible temporary differences and tax losses incurred. As noted in Note 1 of the financial report, deferred tax assets are only recognised if the Group considers it probable that future taxable income will be generated to utilise these temporary differences and losses. Judgement is required in forecasting future taxable income. Based on the above, we have considered the recognition and valuation of the deferred tax asset to be a Key Audit Matter.	We have assessed the appropriateness of management's assumptions and estimates, including the likelihood of generating sufficient future taxable income, in particular regarding the portion relating to tax losses carried forward as disclosed in Note 15 of $6,094,100. Our procedures included but were not limited to: • Considering the recognition criteria under AASB 112 Income taxes; • Assessing the reasonableness of key assumptions with respect to the FY 2025 forecast, as well as high level forecasts over a subsequent 4 year period; • Review of the assumptions applied in preparation of the forecast in FY23 against the actual results in FY24 to ensure it is tracking as expected and is feasible in the circumstances; • Review of recent financial performance and initiatives to support the level of confidence that the modelling is realistic in the FY 2025 forecast; • Analysis of historical data relating to trends in revenue growth and cost cutting measures; and • Assessing the appropriateness of the disclosures included in Note 15 in respect of the deferred tax balances.

PKF

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.

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:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii) the consolidated entity disclosure statement that is true and correct and is free of 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.

PKF

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

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.

- 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 2024.

In our opinion, the Remuneration Report of CleanSpace Holdings Limited for the year ended 30 June 2024, 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

S Tobutt

SCOTT TOBUTT
PARTNER

27 AUGUST 2024
SYDNEY, NSW

Additional Shareholder Information

For the year ended 30 June 2024

CleanSpace has the following securities on issue as at 1 August 2024

Type	Security	Number of Securities	Number of Security Holders
ASX Listed	Fully paid ordinary shares	77,378,492	2,311
Unlisted	Employee Restricted Stock Units	2,233,143	34
Unlisted	Options exercisable at $4.41 and expiring 21 October 2025	135,137	2
Unlisted	Options exercisable at $2.18 and expiring 18 January 2025	600,000	1
Unlisted	Performance Rights	525,000	1

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.

Distribution of Shareholders as at 1 August 2024

Fully Paid Ordinary Shares (Holdings Ranges)	Number of Holders	Number of Units	%
1 - 1,000	1,251	478,593	0.62
1,001 - 5,000	652	1,711,883	2.21
5,001 - 10,000	152	1,143,475	1.48
10,001 - 100,000	181	5,860,847	7.57
100,001 - over	75	68,183,694	88.12
Totals	**2,311**	**77,378,492**	**100.00**

Marketable Parcel

As at 1 August 2024, here are 1,323 shareholders holding less than a marketable parcel of CleanSpace shares based on the closing price of $0.39 on 1 August 2024.

On-Market Buy-back

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

Substantial Holders

The following shareholders have disclosed a substantial:

Holder Name	Number of Shares	% Voting Power
Jencay Capital Pty Limited	9,314,480	12.09
One Fund Services as trustee for CVC Emerging Companies Fund	9,257,535	12.02
Acorn Capital Limited	4,163,550	5.37

20 Largest Shareholders

No.	Name	Number of Ordinary Shares Held	% of Issued Capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,579,980	13.67
2	ACME CO NO 7 PTY LTD <CVC EMERGING COMP INVESTEE>	9,257,535	11.96
3	MUTUAL TRUST PTY LTD	3,788,936	4.90
4	CHATSWOOD WEALTH MANAGEMENT PTY LTD	3,227,400	4.17
5	ALEX BIRRELL <BAF A/C>	2,798,962	3.62
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,791,149	3.61
7	DAN KAO	2,530,000	3.27
8	MIN FANG	2,057,248	2.65
9	ACORN CAPITAL PRIVATE OPPORTUNITIES FUND L P	1,670,391	2.16
10	CITICORP NOMINEES PTY LIMITED	1,525,345	1.97
11	MR ALFRED HARRY HUGH MYERS <LUCY'S A/C>	1,449,481	1.87
12	MISS LINDA YING WANG <KAO AND WANG FAMILY A/C>	1,402,816	1.81
13	UBS NOMINEES PTY LTD	1,391,043	1.80
14	BNP PARIBAS NOMS (NZ) LTD	1,205,929	1.55
15	COLUMBUS INVESTMENT SERVICES LTD <KELLY PARTNERS #2 A/C>	1,191,542	1.54
16	MR CHING-MING LIU	994,842	1.29
17	GARRETT SMYTHE LTD	885,321	1.14
18	MR JOE CHING-WEI KAO	857,658	1.11
19	JENNY HSU	815,734	1.05
20	RUBINO GROUP PTY LTD <RUBINO GROUP A/C>	800,000	1.03
	TOTALS	51,221,312	66.20

Corporate Governance Statement

For the year ended 30 June 2024

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

For the year ended 30 June 2024

Directors

Mr Bruce Rathie

Ms Lisa Hennessy

Mr Dan Kao

Mr Graham McLean

Mr Paul Cassano

Company Secretary

Ms Elissa Hansen

Registered Office

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

Share Register

Boardroom Pty Limited
Level 8, 210 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 Limited Partnership
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

Steinepreis Paganin
Level 6, 99 William Street
Melbourne VIC 3000

Stock Exchange Listing

CleanSpace Holdings Limited shares are listed on the Australian Securities Exchange

ASX Code: CSX

CleanSpace®

RESPIRATORS

Free the way you breathe™