

Aeris Environmental Ltd

ACN 093 977 336

Interim Report

Half Year Ended 31 December 2024



For personal use only

WORKING DRAFT
MKT0017-02

Appendix 4D

Half Year Report for the six months ended on 31 December 2024

Name of entity

AERIS ENVIRONMENTAL LTD ABN: 19 093 977 336

Half year report for the six months ended on 31 December 2024 (comparatives for the six months ended on 31 December 2023).

Results for announcement to the market

| | | | | |
|---|---------------------|-------|-----------------------------|-------------|
| Revenue from ordinary activities | Down | 7.16% | to | 1,495,548 |
| (Loss) from ordinary activities after tax attributable to members | Down | 5.79% | to | (1,861,706) |
| Net (loss) for the period attributable to members | Down | 5.79% | to | (1,861,706) |
| Dividends (distributions) | Amount per security | | Franked amount per security | |
| Final and interim dividends | Nil ¢ | | Nil ¢ | |
| Previous corresponding period | Nil ¢ | | Nil ¢ | |

Brief Explanation of Figures

Refer to attached 31 December 2024 Half Year Financial Report.

The Group applies international accounting standards in compiling the financial reports of its subsidiary foreign entities.

Net tangible assets (NTA) /(deficit) per security with the comparative figure for the previous corresponding period:

Net Tangible Assets

| | 31 Dec 2024 | 31 Dec 2023 |
|--|-------------|-------------|
| Net tangible assets/(deficit) per ordinary share | (0.008) ¢ | 0.005 ¢ |

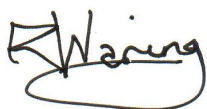
Audit Qualification or Review

The financial statements were subject to review by the Auditors and the review report is attached as part of half year report.

Other Comments

On 20 September 2024 Aeris announced it had entered into a binding agreement with Cognian Technologies Ltd (Cognian), an unlisted public company, to establish the AerisTech corporate Joint Venture (JV). The JV is 60% owned by Aeris and 40% owned by Cognian. Under the terms of the agreement Aeris has an option to acquire Cognian's share of the JV when the share price trades at or above \$0.20AUD (30-day VWAP). The consideration is 100 million new fully paid ordinary shares, which are proposed to be distributed to Cognian's shareholders. The Issue of shares is subject to any shareholder or other approval required by the ASX Listing Rules or Corporations Act, which will be obtained once the option is exercised. The shares will be subject to escrow period before they can be sold or otherwise traded.

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the performance and outlook section of the 31 December 2024 Half Year Financial Report.



Robert J Waring
Company Secretary

27 February 2025

This Report was authorised by the Board of Directors.

27 February 2025

Company Announcements Office
Australian Securities Exchange

Aeris Half Year Report

In accordance with ASX Listing Rule 4.2A, Aeris Environmental Ltd (Aeris or the Company) presents its financial results for the half year ended 31 December 2024.

Financial Results

Revenue for the Company from activities for the first half of the 2024-25 financial year to 31 December 2024 was \$1,495,548 (31 December 2023 - \$1,610,968). The focus for the half was the implementation and development of the AerisTech joint venture, and the development of key accounts and manufacturing in China. The milestones laid out during this period were both achieved and set the platform for projected growth of these two core platforms.

The Company's investment focus evolved towards the building automation systems market segment during the first half, with the sales funnel building for energy efficiency and operational productivity related offerings. In line with the refreshed focus of the Company, the pipeline for the new joint venture enjoyed significant growth.

The Company's gross profit margin for the first half of the financial year was 53%, which is in line with the previous half year. The cash receipts from customers were \$1,339,908 for the half year (31 December 2023 – \$1,716,849).

Operational Summary

The Company is focused on growing revenue in the global enterprise market through both its new joint venture, AerisTech, and its core programmes for hygiene, energy efficiency and indoor air quality (IAQ) products and services. Aeris is pleased to report that the integration of the Cognian (Syncromesh) development team with the Aeris business has proceeded very well.

In parallel, with the development roadmap of the Syncromesh ecosystem, AerisTech has onboarded a growing number of integrators, distributors, and enterprise customers. Each of these has the capacity to generate growth and annuity SaaS revenue as AerisTech is now being recognised as both an attractive and unique offering into the market for building digitalisation, energy and carbon reduction, with a less than 12 months ROI in many cases.

Of significance is a new energy rebate programme in Victoria, providing material subsidies for the implementation of energy monitoring and control systems, demonstrating an increasing recognition that this market is likely to grow significantly and represents a validation of the value proposition of AerisTech Syncromesh.

Core Aeris consumable products were developed further with key customer field trials generating product innovations and establishing a promising outlook for second half sales volumes.

Commentary

AerisTech – Hardware and Software

The AerisTech joint venture is a pillar of the Company's strategic plan to build on the competitive core platform of delivering world class energy efficiency and productivity gains to the built environment, offering a compelling value proposition to commercial properties globally.

The economic and sustainability benefits achievable from the Aeris portfolio are highly significant and more topical than ever with the passing of federal legislation related to financial reporting. Commencing in 2025, larger companies are legislated to include sustainability metrics in their financial reports, and Aeris offers solutions to enable meeting this compliance requirement. In Australia, government regulation is quickly advancing the need for enterprise customers to more readily collect, report, and act on their carbon emissions.

In particular, this is a significant hurdle for enterprise customers who own and / or manage a large number of smaller commercial properties, which typically have no digital building management system in place. For these customers, the availability of a solution which is quick to deploy, easily scaled, and offers a quick ROI is an attractive offering to solve their challenges. The AerisTech solution delivers on all of those customer needs. This is now being demonstrated by the fact that an increasing number of commercial quotes and proposals being provided by AerisTech are being accepted by enterprise customers and high-profile national integrators such as HiFlow and Laurence & Hansen.

The US market has significant opportunities for the AerisTech joint venture, and the Company's first distribution partner has been secured with H4 Enterprises, a GSA 8 Star 3 rated supplier to the federal government. Subsequent to the first half, the initial purchase order has been received and installation of the AerisTech solution is planned for April 2025. As the US market increases the focus on energy savings and productivity gains, the outlook for AerisTech's innovative offering is very positive.

Consumables

Aeris continues to emphasise energy efficiency and IAQ advancements through leveraging the comprehensive data generated by the AerisTech Syncromesh system. Its HVAC&R products and services, support sustainability goals by minimising the negative effects of excessive power consumption and 'sick building syndrome'. Additionally, it can assist companies meet compliance regulations requirements and offer competitive advantages through enhanced property profiles. IAQ is a growing topic for commercial properties across the world, and Aeris has an unparalleled ability to treat the systems and surfaces for long term delivery of a healthy building. In Australia the customer base continues to grow for these products and services, and the high likelihood of future regulation in this area supports continued growth in demand.

In China the Company is now rapidly building the foundation of a strong business with a focus on achieving the necessary product registrations, sourcing and vetting manufacturing partners, and winning product trials with large enterprise customers. The Company's range of hygiene related products is the focus for the Chinese market, where the advanced chemistry of Aeris is proving through customer trials to offer substantial benefits over inferior legacy products.

The local market in China has attractive scale and requires specific product development in order to meet the needs of the local customers. The Company has advanced multiple products through enterprise customer quality and assurance testing, independent laboratory certifications, and several production level trials. Notably, post the close of the period the Company achieved qualified supplier

status with Wilmar International, a key client in the Chinese opportunity pipeline. It is anticipated that commercial orders will begin to accelerate in the second half.

The Company also advanced enterprise customer marketing and introduction of its world-class corrosion protection product range, primarily in Asia and the UAE. Early customer trials were positive as predicted, and development continued to customise certain aspects of the range for manufacturing customer requirements.

Finance and Operations

The Company's revenue for the first half was \$1,495,548, which is down by 7% from \$1,610,968 in the prior corresponding period. The second quarter revenue was up 5% over the first quarter revenue. The gross margin of 53% for the half was improved from 45% in the prior half and is within the Company's budgeted range. R&D expenditure was 30% lower than the previous half. Total operating expenses were 5% higher than the PCP and 39% higher than the previous half.

Aeris' cash receipts from customers were \$1,339,908 for the half (31 December 2023 - 1,716,849). During the half Aeris received \$2,105,000 from three shareholders via an unsecured loan. Cash and cash equivalents were \$1,084,192 at 31 December 2024 (31 December 2023 - \$1,698,267).

Summary

The Company is focused on rapidly advancing and evolving the AerisTech Syncromesh platform, and, in parallel, generating commercial sales from a cross section of enterprise customers. The first of a number of international partnerships is now being established, such as the executed contract with H4 Enterprises.

The investment in the Syncromesh platform is progressing positively with the aim of incorporating customer and partner feedback to evolve the Syncromesh ecosystem as the emerging market leader in terms of functionality, ease of installation, deployment costs, and ROI. It is important to note that, as anticipated, each on-ramp use case for the customer, such as lighting, HVAC, temperature and occupancy, provides significant opportunity for additional sales to the same customer once they have adopted the Syncromesh infrastructure. Multiple use cases are enabled by the single platform of Syncromesh. From the point of view of annuity revenues, the SaaS component will become material together with ongoing sales of the growing portfolio of consumables and IoT sensing devices.

Early customer feedback has been significantly positive, with projected ROIs of less than 12 months for these new installations. Importantly, AerisTech is gaining significant 'real world' customer feedback as to the priorities and needs of these enterprise customers across several verticals. This is informing the AerisTech Syncromesh development team in the rapid evolution of the product offering, together with alignment with the growing energy subsidies available to the Company's customers which must comply with baseline data and measured improvements delivered by the AerisTech Syncromesh platform.

Aeris is increasingly confident that the products and services, which are now the focus of the Company, are well positioned to drive growth in the accelerating market for energy efficiency, carbon reduction, IAQ and sustainability reporting. Critically, the feedback being received on the competitive position of the AerisTech Syncromesh ecosystem reflects the fact that it is differentiated, more comprehensive, cost effective, and highly attractive to Aeris' customers and partners in relation to legacy products in the marketplace.

Aeris Environmental Ltd

Maurie Stang
Chairman

Andrew Just
Chief Executive Officer

This Report was authorised by the Board of Directors.

About Aeris Environmental Ltd

Aeris is focused on growing an ecosystem of products in the smart building market, solving the growing demand for energy efficiency and carbon neutrality solutions.

The Company's ecosystem of products allows customers to measure, verify and act on their carbon footprint via a range of products including hardware, software and consumables. Aeris' whole-of-system approach delivers measurable outcomes, is highly scalable and easy to install, ensuring that systems perform better, are safer, last longer and cost less to run.

For personal use only



Aeris Environmental Ltd

ABN 19 093 977 336

Half Year Financial Report

For the Half Year Ended

31 December 2024

Aeris Environmental Ltd

ABN 19 093 977 336



CORPORATE DIRECTORY

ABN 19 093 977 336

| | |
|--------------------------------|--|
| DIRECTORS | Maurie Stang, Non-Executive Director and Chairman Steven Kritzler, Non-Executive Director Abbie Widin, Non-Executive Director Jenny Harry, Non-Executive Director |
| CHIEF EXECUTIVE OFFICER | Andrew Just |
| COMPANY SECRETARY | Robert Waring |
| REGISTERED OFFICE | Level 1, 5/26-34 Dunning Avenue Rosebery, NSW 2018 |
| SHARE REGISTER | Computershare Investor Services Pty Ltd |
| STOCK EXCHANGE LISTING | Aeris Environmental Ltd shares are listed on the Australian Securities Exchange ASX code: AEI |
| BANKERS | ANZ Banking Group |

CONTENTS

| | Page No. |
|---|----------|
| Directors' Report | 1 |
| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 2 |
| Condensed Consolidated Statement of Financial Position | 3 |
| Condensed Consolidated Statement of Changes in Equity | 4 |
| Condensed Consolidated Statement of Cash Flows | 5 |
| Notes to the Condensed Consolidated Financial Statements | 6 |
| Directors' Declaration | 13 |
| Auditor's Independence Declaration | 14 |
| Independent Auditor's Review Report | 15 |

Aeris Environmental Ltd

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Aeris Environmental Ltd (the Company) and its controlled entities together with the consolidated financial report for the half year ended 31 December 2024.

DIRECTORS AND CHIEF EXECUTIVE OFFICER

The names and details of the Company's Directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Maurie Stang (Non-Executive Director and Chairman)
Steven Kritzler (Non-Executive Director)
Abbie Widin (Non-Executive Director)
Jenny Harry (Non-Executive Director)
Andrew Just (Chief Executive Officer)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial period were the:

- research, development, commercialisation of proprietary technologies and global distribution of HVAC/R Hygiene, anti-corrosion and disinfectant products;
- provision of HVAC/R Hygiene and Remediation Technology, Indoor Air Quality and Corrosion Protection services.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 20 September 2024 Aeris announced it had entered into a binding agreement with Cognian Technologies Ltd (Cognian), an unlisted public company, to establish the AerisTech corporate Joint Venture. The JV is 60% owned by Aeris and 40% owned by Cognian. Under the terms of the agreement Aeris has an option to acquire Cognian's share of the JV when the share price trades at or above \$0.20AUD (30-day VWAP). The consideration is 100 million new fully paid ordinary shares which are proposed to be distributed to Cognian's shareholders. The issue of shares is subject to any shareholder or other approval required by the ASX Listing Rules or Corporations Act, which will be obtained once the option is exercised. The shares are subject to escrow period before they can be sold or otherwise traded.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In the opinion of the Directors, no matters or circumstances have arisen since 31 December 2024 that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

REVIEW OF OPERATIONS

The total ordinary revenue for the half-year to 31 December 2024 was \$1,495,548 (31 December 2023: \$1,610,968).
the net loss before tax for the half-year to 31 December 2024 was \$2,112,813 (31 December 2023: \$1,861,821).

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Auditor's Independence Declaration is set out in the attached statement from UHY Haines Norton and forms part of the Directors' Report for the half year ended 31 December 2024.

DIVIDENDS

No dividends were proposed, declared or paid during the half year period and up to the date of this report (2023: Nil).

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



Maurie Stang
Non-Executive Director and Chairman

Sydney, 27 February 2025

For personal use only

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2024

| | Notes | December 2024 \$ | December 2023 \$ |
|--|-------|------------------------|------------------------|
| Ordinary revenue | 2 | 1,495,548 | 1,610,968 |
| Cost of sales | | (696,722) | (709,316) |
| Employee benefits expense | | (907,858) | (908,436) |
| Occupancy expense | 3 | (49,580) | (96,799) |
| Depreciation and amortisation expense | 3 | (40,555) | (50,364) |
| Other general and administration | 3 | (1,062,599) | (1,031,093) |
| Sales, marketing and travel | | (142,223) | (146,373) |
| Distribution expense | | (318,911) | (299,531) |
| Product registration, patents, trade marks and R&D expenditure | 3 | (285,842) | (203,827) |
| Financial expense | | (104,071) | (27,050) |
| Loss before income tax expense | | (2,112,813) | (1,861,821) |
| Income tax expense relating to ordinary activities | | 122,949 | 102,086 |
| Loss after income tax expense for the half-year | | (1,989,864) | (1,759,736) |
| Other Comprehensive Income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation loss | | (4,035) | (4,549) |
| TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR | | (1,993,899) | (1,764,285) |
| Loss for the half-year attributable to: | | | |
| Owners of Aeris Environmental Ltd | | (1,861,706) | (1,759,736) |
| Non-controlling interest | | (128,158) | - |
| | | (1,989,864) | (1,759,736) |
| Total comprehensive loss for the half-year attributable to: | | | |
| Owners of Aeris Environmental Ltd | | (1,865,741) | (1,764,285) |
| Non-controlling interest | | (128,158) | - |
| | | (1,993,899) | (1,764,285) |
| EARNINGS PER SHARE | 8 | Cents | Cents |
| Basic loss per share | | (0.76) | (0.72) |
| Diluted loss per share | | (0.76) | (0.72) |

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

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| | Notes | December 2024 \$ | June 2024 \$ |
|--------------------------------------|-------|---------------------------|-------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 1,084,192 | 989,791 |
| Trade and other receivables | | 832,471 | 649,578 |
| Inventories | | 710,391 | 772,761 |
| Other current assets | | <u>161,551</u> | <u>205,658</u> |
| TOTAL CURRENT ASSETS | | <u>2,788,605</u> | <u>2,617,788</u> |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 44,419 | 58,154 |
| Right-of-use assets | 5 | 45,406 | 71,691 |
| Intangibles | | <u>4,800</u> | <u>-</u> |
| TOTAL NON-CURRENT ASSETS | | <u>94,625</u> | <u>129,845</u> |
| TOTAL ASSETS | | <u>2,883,230</u> | <u>2,747,633</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,721,254 | 1,690,407 |
| Lease liabilities | | 42,412 | 58,277 |
| Provisions | | 191,747 | 167,822 |
| Other current liabilities | 6 | <u>81,652</u> | <u>-</u> |
| TOTAL CURRENT LIABILITIES | | <u>2,037,065</u> | <u>1,916,506</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 8,708 | 21,383 |
| Other non-current Liabilities | 6 | <u>2,837,249</u> | <u>837,249</u> |
| TOTAL NON-CURRENT LIABILITIES | | <u>2,845,957</u> | <u>858,632</u> |
| TOTAL LIABILITIES | | <u>4,883,022</u> | <u>2,775,138</u> |
| NET ASSETS | | <u>(1,999,792)</u> | <u>(27,505)</u> |
| EQUITY | | | |
| Equity | | 62,520,806 | 62,520,726 |
| Reserves | | 1,895,631 | 1,878,133 |
| Accumulated losses | | (66,288,071) | (64,426,364) |
| Non-controlling interest | | <u>(128,158)</u> | <u>-</u> |
| TOTAL EQUITY | | <u>(1,999,792)</u> | <u>(27,505)</u> |

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

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2024

| | Issued Capital \$ | Accumulated Losses \$ | Other Reserves \$ | Non- controlling Interest \$ | Total Equity \$ |
|--|-------------------------|-----------------------------|-------------------------|---------------------------------------|-----------------------|
| At 1 July 2024 | 62,520,726 | (64,426,364) | 1,878,133 | - | (27,505) |
| Loss for the half year | - | (1,861,706) | - | (128,158) | (1,989,864) |
| <i>Other comprehensive income for the half year</i> | | | | | |
| Foreign currency translation differences | - | - | (4,035) | - | (4,035) |
| Total comprehensive loss for the half-year | - | (1,861,706) | (4,035) | (128,158) | (1,993,899) |
| <i>Transaction with owners in their capacity as owners</i> | | | | | |
| Shares issued to consultants | - | - | - | - | - |
| Exercise of performance rights | - | - | - | - | - |
| Director's fees paid by issue of ordinary shares | - | - | - | - | - |
| Share based payments | - | - | 21,533 | - | 21,533 |
| Share capital issued | 80 | - | - | - | 80 |
| At 31 December 2024 | 62,520,806 | (66,288,071) | 1,895,631 | (128,158) | (1,999,792) |
| At 1 July 2023 | 62,520,726 | (61,453,414) | 1,883,769 | - | 2,951,081 |
| Loss for the half year | - | (1,759,736) | - | - | (1,759,736) |
| <i>Other comprehensive income for the half year</i> | | | | | |
| Foreign currency translation differences | - | - | (4,549) | - | (4,549) |
| Total comprehensive loss for the half-year | - | (1,759,736) | (4,549) | - | (1,764,285) |
| <i>Transaction with owners in their capacity as owners</i> | | | | | |
| Shares issued to consultants | - | - | - | - | - |
| Exercise of performance rights | - | - | - | - | - |
| Director's fees paid by issue of ordinary shares | - | - | - | - | - |
| Share based payments | - | - | 1,200 | - | 1,200 |
| At 31 December 2023 | 62,520,726 | (63,213,150) | 1,880,420 | - | 1,187,996 |

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

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2024

| | December 2024 \$ | December 2023 \$ |
|---|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers (inclusive of GST) | 1,339,908 | 1,716,849 |
| Payments to suppliers and employees (inclusive of GST) | (3,625,350) | (2,590,461) |
| R&D tax offset received | 200,822 | - |
| Interest received | 13,293 | 15,160 |
| Other income | - | - |
| Net cash used in operating activities | (2,071,327) | (858,453) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (5,333) | (38,727) |
| Net cash used in investing activities | (5,333) | (38,727) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issued share capital | 80 | - |
| Proceeds from unissued share capital applications | - | - |
| Proceeds from exercise of share options | - | - |
| Borrowings | 2,175,000 | - |
| Net cash provided by financing activities | 2,175,080 | - |
| Net decrease in cash held | 98,420 | (897,180) |
| Cash at the beginning of the half-year | 989,807 | 2,599,996 |
| Effects of exchange rate changes on cash and cash equivalents | (4,035) | (4,549) |
| Cash at the end of the half-year | 1,084,192 | 1,698,267 |

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

For personal use only

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

1 Statement of Accounting Policies

(a) Financial Reporting Framework

This Half Year Financial Report is a general purpose financial report that has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The Half Year Financial Report should be read in conjunction with the annual financial report of Aeris Environmental Ltd as at 30 June 2024. It is also recommended that the Half Year Financial Report be considered together with any public announcements made by the Company during the half year ended 31 December 2024 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The Half Year Financial Report does not include all notes of the type normally included within the annual financial report, and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the Group as the full Financial Report.

The Half Year Financial Report has been prepared on the basis of historical costs and does not take into account changing money values or fair values of assets.

Going Concern

The Group earned revenue for the first half of financial year ended 2024-25 financial year to 31 December 2024 of \$1,495,548 (31 December 2023 - \$1,610,968), and made a loss before income tax of \$2,112,813 (31 December 2023 - \$1,861,821). Net cash burn from operating activities for the half year ended 31 December 2024 was \$2,071,327 (31 December 2023: net cash burn of \$858,453).

The cash balance as at 31 December 2024 was \$1,084,192 (30 June 2024: \$989,791).

The net loss and cash outflow for the half financial year ended 31 December 2024, and the cash as of 31 December 2024 prima facie give rise to a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. Therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report. However, the Directors believe the Company will be able to continue as a going concern, subject to successful implementation of the following mitigating factors in relation to material uncertainty:

- Key to the going concern is the dependence on future capital raising activity, further cost cutting, or substantially improved revenue, margins relative to historical levels.
- Aeris has significant positive momentum with the AerisTech Pty Ltd (AerisTech) Joint Venture (JV), both in terms of product development and a very strong customer pipeline. Whilst there is a lead time on large scale enterprise rollouts Aristech is expanding rapidly the number of quotes and proposals arising from its pipeline. A number of enterprise customers have now placed orders for the Syncromesh Aeristech ecosystem.
- Aeris onboarded a high-profile international convenience store customer in November 2024 for a 3 month commercial trial. The trial underscores the AerisTech capability to streamline facility operations for enterprise customers.
- The first international distributor H4 Enterprises has now placed an initial purchase order and have indicated that they will market the syncromesh system to their extensive customer base in the US.
- Aeris achieved listing as a qualified supplier to Wilmar International (Wilmar), a major international agribusiness, implementing several of Aeris' latest consumables.
- The Company has in place a program for exploring additional funding opportunities for Aeris and has had approaches from third parties covering opportunities for equity and debt investment.
- Management and the Directors are exploring external funding scenarios including unsecured directors loans and external facilities.
- Aeris continues to have undrawn lines of credit and has realistic prospects of additional facilities going forward.

Accordingly, this financial report has been prepared on a going concern basis. Therefore, no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amounts of assets or the amounts and classifications of liabilities that might be necessary should the Company not continue as a going concern.

(b) Changes in Accounting Policies

The accounting policies that have been adopted in the preparation of this Financial Report have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2024 Financial Report.

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

An assessment has been performed and determined that during the half year ended 31 December 2024, no significant adjustments were required in relation to the adoption of these new standards.

The adoption of all other new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

For personal use only

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

| | December 2024 \$ | December 2023 \$ |
|---------------------------------|------------------------|------------------------|
| 2 Revenue | | |
| Revenue from sales and services | 1,433,163 | 1,538,037 |
| Financial revenue | 13,299 | 13,524 |
| Other revenue | 49,086 | 59,408 |
| Total revenue | <u>1,495,548</u> | <u>1,610,968</u> |

3 Expenses

Loss from ordinary activities before income tax expense includes:

| | | |
|---|-----------|---------|
| Rental and occupancy expenses | 49,580 | 96,799 |
| Depreciation and amortisation | 40,555 | 50,364 |
| Other general and administration | 1,062,569 | 681,981 |
| Product registration, patents, trade marks and R&D expenditure | 285,842 | 203,827 |
| Impairment loss (included in other general and administration expenses) | 30 | 349,112 |

| | December 2024 \$ | June 2024 \$ |
|--|------------------------|--------------------|
| 4 Cash and Other Financial Assets | | |
| Cash and Cash Equivalents | | |
| Cash at bank and on hand | 1,084,186 | 837,780 |
| Deposits on call | 6 | 152,011 |
| | <u>1,084,192</u> | <u>989,791</u> |

5 Current and non-current lease assets and liabilities

| | | |
|-----------------------------------|---------------|---------------|
| Land and Buildings - Right-of-use | 157,713 | 157,713 |
| Less: Accumulated Depreciation | (112,307) | (86,022) |
| | <u>45,406</u> | <u>71,691</u> |

The Group had recognised 'Right-of-Use Asset' and associated 'Lease Liability' in the 2023 financial year for the office space leased in Townsville and Sydney following AASB 16 for accounting of leases.

6 Current and non-current Other liabilities

| | | |
|--|------------------|----------------|
| Accrued interest from Bernard Stang | 40,071 | - |
| Accrued interest from from Maurie Stang | 36,643 | - |
| Accrued interest from from Steven Kritzler | 4,937 | - |
| Total current other liabilities | <u>81,652</u> | <u>-</u> |
| Loan from Bernard Stang | 1,168,625 | 668,625 |
| Loan from Maurie Stang | 1,168,624 | 168,625 |
| Loan from Steven Kritzler | 500,000 | - |
| Total non-current other liabilities | <u>2,837,249</u> | <u>837,250</u> |

In June 2024, three loan facilities of up to \$1,500,000 each were entered into with two Directors (Maurie Stang and Steven Kritzler) and one substantial shareholder (Bernard Stang). Each loan is an unsecured facility that attracts 10% per annum interest payable quarterly and can be repaid without penalty if Aeris secures alternative funding. For each loan facility of \$500,000 issued, the subscriber will receive 500,000 options on a 1:1 ratio with an exercise price of \$0.20 for a total of 1,500,000 options. The issue and exercise of the options will comply with ASX Listing Rules. The loan maturity date is 28 June 2026.

As at 31 December 2024 the balances of unused facilities are \$291,305 for Bernard Stang, \$294,732 for Maurie Stang, and \$995,063 for Steven Kritzler.

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

7 Segment Reporting

The Group has identified its reporting segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The reportable segments are based on aggregated operating segments determined by the similarity of the revenue stream and products sold, and/or the services provided in Australia and internationally, as these are the sources of the Group's major risks, and have the most effect on the rates of return.

The executive management reviews revenue, cost of goods sold, operating expenses, profit before tax, assets and liabilities for the following segments:

- (a) Australian Operations - sale of Aeris products and services from Australia; and
- (b) International Operations - sales and services on account of international operations.

Intersegment Transactions

Intersegment transactions are made at arm's length and are eliminated on consolidation.

Intersegment Receivables, Payables and Loans

Intersegment loans are initially recognised at the consideration received and are eliminated on consolidation.

Operating Segment Information of the Consolidated Entity:

| | Australia | International | Inter-segment Consolidated | |
|--------------------------------------|-------------|---------------|----------------------------|-------------|
| For half year ended 31 December 2024 | | | | |
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Sales | 1,436,499 | 34,572 | (37,908) | 1,433,164 |
| Other income | 61,025 | 41,055 | (39,695) | 62,385 |
| Total revenue | 1,497,524 | 75,627 | (77,603) | 1,495,548 |
| Expenses | | | | |
| Cost of goods sold | 671,324 | 63,306 | (37,908) | 696,722 |
| Operating expenses | 2,418,567 | 218,405 | 274,667 | 2,911,639 |
| Total expenses | 3,089,891 | 281,711 | 236,759 | 3,608,361 |
| Loss before tax | (1,592,367) | (206,084) | (314,362) | (2,112,813) |
| For half year ended 31 December 2023 | | | | |
| | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Sales | 1,444,321 | 147,239 | (53,523) | 1,538,037 |
| Other income | 72,977 | 91,346 | (91,392) | 72,932 |
| Total revenue | 1,517,298 | 238,585 | (144,915) | 1,610,968 |
| Expenses | | | | |
| Cost of goods sold | 644,335 | 118,505 | (53,523) | 709,316 |
| Operating expenses | 2,598,495 | 314,748 | (149,770) | 2,763,473 |
| Total expenses | 3,242,830 | 433,252 | (203,293) | 3,472,790 |
| Loss before tax | (1,725,532) | (194,667) | 58,378 | (1,861,821) |

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

7 Segment Reporting (continued)

| Segment Assets and Liabilities | Assets | Assets | Liabilities | Liabilities |
|--------------------------------|-------------|-------------|-------------|-------------|
| | 31/12/2024 | 30/06/2024 | 31/12/2024 | 30/06/2024 |
| | \$ | \$ | \$ | \$ |
| Australia | 4,825,170 | 3,778,880 | 8,031,166 | 5,537,241 |
| International | 1,225,380 | 1,193,619 | 5,992,849 | 5,422,509 |
| Total | 6,050,550 | 4,972,499 | 14,024,014 | 10,959,750 |
| Intersegment elimination | (3,167,320) | (2,224,866) | (9,140,992) | (8,184,612) |
| Consolidated | 2,883,230 | 2,747,633 | 4,883,022 | 2,775,138 |

8 Earnings Per Share

| | December 2024 \$ | December 2023 \$ |
|---|------------------------|------------------------|
| Basic loss per share (cents) | (0.76) | (0.72) |
| Diluted loss per share (cents) | (0.76) | (0.72) |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 245,694,551 | 245,644,551 |
| Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS | 245,694,551 | 245,644,551 |
| Options and rights eligible for conversion into ordinary shares in future | | |
| Options | 550,000 | 550,000 |
| Rights | 100,000 | 150,000 |
| | <u>650,000</u> | <u>700,000</u> |

Options and rights eligible for conversion into ordinary shares in future have an anti-dilutive effect, hence diluted EPS is same as basic EPS.

For personal use only

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

9 Related Party Transactions

A number of specified Directors, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arms-length basis. Details of these transactions are shown below:

| | December 2024 \$ | December 2023 \$ |
|---|------------------------|------------------------|
| (a) Regional Corporate Service Pty Ltd | | |
| The company and its controlled entities incurred cost for services provided by Regional Corporate Service Pty Ltd. | | |
| Office and administration expenses | 66,981 | 92,791 |
| Rent | 12,810 | 12,377 |
| Distribution expenses | 58,419 | 44,057 |
| Corporate services | 186,578 | 200,236 |
| | <u>324,788</u> | <u>349,461</u> |
| The company and its controlled entities provided services and sold products to Regional Corporate Service Pty Ltd. | <u>5,173</u> | <u>7,214</u> |
| | December 2024 \$ | June 2024 \$ |
| Balance receivable at the end of the reporting period * | 3,414 | - |
| Balance payable at the end of the reporting period * | 75,769 | 45,237 |
| Mr M Stang is director and shareholder of Regional Corporate Service Pty Ltd. | | |
| | December 2024 \$ | December 2023 \$ |
| (b) Regional Health Care Group Pty Ltd | | |
| The company and its controlled entities incurred cost for services provided by Regional Health Care Group Pty Ltd. | | |
| Office and administration expenses | - | 745 |
| Rent | - | - |
| Distribution expenses | - | - |
| Corporate services | - | - |
| | <u>-</u> | <u>745</u> |
| The company and its controlled entities provided services and sold products to Regional Health Care Group Pty Ltd. | <u>141</u> | <u>34</u> |
| | December 2024 \$ | June 2024 \$ |
| Balance receivable at the end of the reporting period * | | |
| Balance payable at the end of the reporting period * | 100,310 | 100,465 |
| Since 1 May 2023, Mr M Stang is no longer director and shareholder of Regional Health Care Group Pty Ltd. | | |
| | December 2024 \$ | December 2023 \$ |
| (c) Novapharm Research (Australia) Pty Ltd and its Controlled Entities | | |
| The Company and its controlled entities incurred cost for services provided by Novapharm Research (Australia) Pty Ltd for research and development and other operational expenses | 122,039 | 71,888 |
| | <u>122,039</u> | <u>71,888</u> |
| The Company and its controlled entities provided supply chain services to Novapharm Research (Australia) Pty Ltd | <u>16,680</u> | <u>10,377</u> |
| | December 2024 \$ | June 2024 \$ |
| Balance receivable at the end of the reporting period * | 5,420 | - |
| Balance payable at the end of the reporting period * | 40,698 | 63,693 |
| Mr M Stang and Mr S Kritzler are directors and shareholders of Novapharm Research (Australia) Pty Ltd. | | |

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

9 Related Party Transactions (continued)

| | December 2024 \$ | December 2023 \$ |
|---|--------------------------------|--------------------------------|
| (d) Enviroguard Technologies Pty Ltd | | |
| The Company and its controlled entities purchased products from Enviroguard Technologies Pty Ltd | <u>31,164</u> <u>31,164</u> | <u>66,928</u> <u>66,928</u> |
| | December 2024 \$ | June 2024 \$ |
| Balance receivable at the end of the reporting period * | - | - |
| Balance payable at the end of the reporting period * | 8,118 | 5,935 |
| Mr M Stang is director of Enviroguard Technologies Pty Ltd. | | |
| | December 2024 \$ | December 2023 \$ |
| (e) Teknik Lighting Solutions Pty Ltd | | |
| The Company and its controlled entities incurred marketing and operational cost through Teknik Lighting Solutions Pty Ltd | <u>-</u> <u>-</u> | <u>1,196</u> <u>1,196</u> |
| The Company and its controlled entities provided administrative services to Teknik Lighting Solutions Pty Ltd | <u>-</u> <u>-</u> | <u>-</u> <u>-</u> |
| | December 2024 \$ | June 2024 \$ |
| Balance receivable at the end of the reporting period * | - | - |
| Balance payable at the end of the reporting period * | - | - |
| Mr M Stang is the shareholder of Teknik Lighting Solutions Pty Ltd | | |
| | December 2024 \$ | December 2023 \$ |
| (f) Ramlist Pty Ltd | | |
| The Company and its controlled entities incur expenses for rent and utility outgoings through Ramlist Pty Ltd. | <u>-</u> <u>-</u> | <u>3,555</u> <u>3,555</u> |
| | December 2024 \$ | June 2024 \$ |
| Balance receivable at the end of the reporting period * | - | - |
| Balance payable at the end of the reporting period * | - | - |
| Mr M Stang is a director and shareholder of Ramlist Pty Ltd | | |

For personal use only

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

9 Related Party Transactions (continued)

| | December 2024 \$ | December 2023 \$ |
|---|------------------------|------------------------|
| (g) Maurie Stang | | |
| The Company and its controlled entities incur expenses for interest on loan through Laurie Stang | 36,643 | - |
| | <u>36,643</u> | <u>-</u> |
| | December 2024 \$ | June 2024 \$ |
| Loan balance outstanding at the end of the reporting period | 1,168,624 | 168,625 |
| | <u>1,168,624</u> | <u>168,625</u> |
| | December 2024 \$ | December 2023 \$ |
| (h) Steven Kritzier | | |
| The Company and its controlled entities incur expenses for interest on loan through Steven Kritzier | 4,937 | - |
| | <u>4,937</u> | <u>-</u> |
| | December 2024 \$ | June 2024 \$ |
| Loan balance outstanding at the end of the reporting period | 500,000 | - |
| | <u>500,000</u> | <u>-</u> |

10 Events Subsequent to the Reporting Date

There have been no matters or circumstances, which have arisen since 31 December 2024 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2024, of the consolidated entity;
- (b) the results of those operations; or
- (c) the state of affairs, in the financial years subsequent to 31 December 2024, of the consolidated entity.

For personal use only

Aeris Environmental Ltd

DIRECTORS' DECLARATION

Directors' Declaration

In the Directors' opinion:

- 1 the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- 2 the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- 3 there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Maurie Stang
Non-Executive Director and Chairman

Sydney, 27 February 2025

For personal use only

Auditor's Independence Declaration

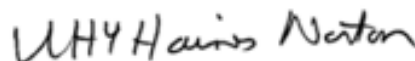
Under Section 307C of the *Corporations Act 2001*

To the Directors of Aeris Environmental Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2024, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aeris Environmental Ltd and the entities it controlled during the financial period.



Matthew Pope

Partner

Sydney

27 February 2025

UHY Haines Norton

Chartered Accountants

Audit | Tax | Advisory

The Firm: UHY Haines Norton ABN 85 140 758 156 in Sydney ("the Firm") is an independent member of UHY Haines Norton ("the Association"), an association of independent firms in Australia and New Zealand. The Association is an independent member of Urbach Hacker Young International ("UHY International"), a UK company, and is part of the UHY International network of legally independent accounting and consulting firms. Any engagement you have is with the Firm and any services are provided by the Firm and not by the Association or UHY International or any other member firm of the Association or UHY International.

"UHY" is the brand name under which members of UHY International provide their services: all rights to the UHY name and logo belong to UHY International, and the use of the UHY name and logo does not constitute any endorsement, representation or implied or express warranty by UHY International. UHY International has no liability whatsoever for services provided by the Firm nor the Association or any other members.

Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aeris Environmental Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Aeris Environmental Ltd ("the Company"), and the entities it controlled during the half-year (together "the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Audit | Tax | Advisory

The Firm: UHY Haines Norton ABN 85 140 758 156 in Sydney ("the Firm") is an independent member of UHY Haines Norton ("the Association"), an association of independent firms in Australia and New Zealand. The Association is an independent member of Urbach Hacker Young International ("UHY International"), a UK company, and is part of the UHY International network of legally independent accounting and consulting firms. Any engagement you have is with the Firm and any services are provided by the Firm and not by the Association or UHY International or any other member firm of the Association or UHY International.

"UHY" is the brand name under which members of UHY International provide their services: all rights to the UHY name and logo belong to UHY International, and the use of the UHY name and logo does not constitute any endorsement, representation or implied or express warranty by UHY International. UHY International has no liability whatsoever for services provided by the Firm nor the Association or any other members.

Liability limited by a scheme approved under Professional Standards Legislation.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the half-year financial report, which discloses that the Group incurred a loss after income tax expense of \$1,989,864 and had operating cash outflows of \$2,071,327 for the half-year ended 31 December 2024. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

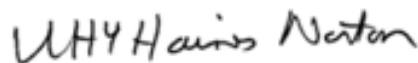


Matthew Pope

Partner

Sydney

27 February 2025



UHY Haines Norton

Chartered Accountants

For personal use only



AERIS ENVIRONMENTAL LTD

Ph: +61 2 8344 1315 | **Fax:** +61 2 9697 0944

E-mail: info@aeris.com.au
aeris.com.au