



30 April 2024

Company Announcements Office  
Australian Securities Exchange

## QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

In accordance with ASX Listing Rule 4.7B, Aeris Environmental Ltd (Aeris or the Company) presents its March 2024 Quarterly Activities Report and attaches its Quarterly Cash Flow Report – Appendix 4C.

### Operational Summary

- **Aeris delivered a solid third quarter of sales, increased from the prior corresponding period (+154%). Year-to-date income is 73% above the prior year.**
- **During the quarter, the Company's Energy Alliance initiative gained significant traction, focussing on the growing market for Scope 1 and Scope 2 energy efficiency improvements and reporting.**
- **In China, the second enterprise order was received for one of Aeris' recently-registered products and work continued on the development of products specifically for the Chinese market.**
- **International sales continued to trend positively, with certain forthcoming regulatory approvals providing attractive growth opportunities.**

### Financial Results

- **The Company's revenue for the quarter was \$830,000, an increase of 154% on the prior corresponding period (a small decrease of 6.45% on the previous quarter, in line with the January 2024 holiday period). The gross trading margin for the quarter of 53% is within the targeted range. A non-cash provision in relation to Aeris' historical inventory was made during the quarter.**
- **The Company's cash receipts were \$515,000 for the quarter. Cash and cash equivalents were \$886,000 at 31 March 2024.**

### Commentary

#### Heating, Ventilation, Air-Conditioning and Refrigeration (HVAC&R)

Significant progress continued with Aeris' programme to market and enhance solutions delivering both energy efficiencies and indoor air quality (IAQ) through HVAC&R technologies. Scope 1 and Scope 2 emissions reporting has been mandated for larger Australian businesses to apply from January 2025, and the Company sees this as a strong opportunity to deliver valuable solutions to address the ensuing challenges of this disclosure reporting. Supporting the data needs of Aeris' enterprise customers, the Company provides actionable data together with proprietary baseline reporting capability, which will directly contribute to emissions reductions and energy efficiency for Aeris' growing global client base.

The Company is building an offering of solutions comprising of both its own proprietary technologies and partnering with adjacent technologies to increase the overall value proposition. The objective is a more holistic solution to the twin challenges of improvements in energy efficiency and indoor environmental quality (IEQ). Aeris will be providing a further update of its evolving AerisNet Internet of Things capabilities in the near future.

## **Specialty Services and Products**

Growth continued steadily for IEQ Services, with recent seasonal events supporting continued demand in northern Queensland for IEQ sampling and support services. Strong partnerships are in place for delivery of customer-prescribed solutions to water damage and mould remediation, and the credibility of the Company's services is now very well recognised in the local market. Additional qualifications with being onboarded to multiple Queensland government department supplier panels affirm the increasingly-positive revenue outlook. Sales for this unit grew by 14% compared to the prior quarter.

Aeris' corrosion protection products hold the world's highest accreditation in the HVAC&R segment, and attendance during the quarter at the recent Air-Conditioning, Heating and Refrigeration conference in the USA generated a quality shortlist of new original equipment manufacturer leads.

## **Australia and New Zealand**

The Energy Alliance initiative has steadily progressed with the firming up of several strategic partnerships to add adjacent technology to the Company's portfolio. There is a clear market opportunity to deliver a comprehensive solution of measurement, monitoring and asset remediation to improve the emissions profile of customers in the built environment.

Early interactions with a number of well-regarded enterprise customers point to the increasing relevance and, indeed, proprietary nature of Aeris' Energy Alliance products and services. Specifically, early orders have been received, which may lead to significant commercial roll-outs with large-scale enterprise customers. These integrate software and network solutions with flow-on benefits for core product consumable sales.

The EnviroGuard PRO X air sanitiser device more than doubled in sales compared to the prior quarter, confirming the market appetite for this novel technology. Although the EnviroGuard device has strong demand in the mould remediation market, there is also emerging demand in high value enterprise customers focused on both IAQ and environmental hygiene. Each of these sales generates annuity revenue for the Company in the form of consumable sales.

## **International**

In China, the recent quarter saw the second enterprise order for a locally-registered Aeris product, adding to the forward pipeline for growth. The local market has specific product desires, which the Company is shortlisting and providing beta products for acceptance testing. Several of these products have now progressed to registration and the enterprise sale is for one of these locally-specified products.

In the UAE, two Aeris products were successfully registered and a new distribution channel partner commenced. Samples are now in that market and are being tested by prospective customers.

In Latin America, a new channel partner commenced, based in Chile, with distribution reach also spanning Argentina. The initial customer roadshow for the Company's products has been well received and product registration has begun for multiple products.

The Philippines continues to be an evolving market across the Aeris range of current and future products.

## **Finance and Operations**

The Company's revenue for the quarter was \$830,000, increasing by 154% from the prior corresponding period (a small decrease of 6.45% on the previous quarter, in line with the January 2024 holiday period). The gross trading margin for the quarter of 53% is within the targeted range. A non-cash provision in relation to historical inventory was made during the recent quarter.

Total operating expenses were decreased by 48% from the previous quarter.



Aeris' cash receipts were \$515,000 for the recent quarter. Cash and cash equivalents were \$886,000 at the end of the quarter.

### **Related-Party Transactions**

Payments to the Company's related parties and their associates during the quarter were: Non-Executive Directors' fees, totalling \$71,000, paid to Maurie Stang (\$25,000), Jenny Harry (\$17,000), Abbie Widin (\$15,000) and Steven Kritzler (\$14,000). Property outgoings and other charges of \$1,000 were paid to Aeris' landlord, Ramlist Pty Ltd, of which Non-Executive Director Maurie Stang is a director. Rent, corporate overheads, distribution and administration expenses of \$53,000 were paid to Regional Corporate Services Pty Ltd, of which Non-Executive Director Maurie Stang is a director. Contract research and development, and other expenses, of \$40,000 were paid to Novapharm Research (Australia) Pty Ltd, of which Non-Executive Directors Maurie Stang and Steven Kritzler are directors. Product purchases of \$94,000 were paid to EnviroGuard Technologies Pty Ltd, of which Non-Executive Director Maurie Stang is a director. Non-Executive Director Steven Kritzler has an indirect beneficial interest in EnviroGuard Technologies Pty Ltd through a trust.

### **Summary**

The Company remains net debt-free and is achieving a strong rate of sales growth, up 73% on a year-to-date basis.

Aeris' focus is to combine adjacent technology with its core products to deliver directly on customer needs for information and improvement across their built environment assets. The Company's objective revolves around seamlessly integrating and accelerating the core organic growth of product sales with the introduction of new and strategically-aligned capabilities, including software and networking services.

Aeris believes that it is strongly positioned to support both its local and international customers in improving their capabilities to baseline their enterprises' energy and carbon positions. Equally, the provision of ongoing actionable data may well provide important future Software-as-a-Service revenue on a continuing basis. This energy efficiency improvement requirement is now essentially mandated by the looming disclosure reporting and thus provides a solution to the large built environment customer base.

The Company continues to attain positive customer engagement with its new offerings. This enables Aeris to provide differentiated solutions with a variety of "on ramps" to the Company's portfolio, each delivering real potential to increase Aeris' ongoing business with its enterprise customers.

### **Aeris Environmental Ltd**

**Maurie Stang**  
Chairman

**Andrew Just**  
Chief Executive Officer

The Company's Quarterly Activities Report was authorised by the Board of Directors.

### **About Aeris Environmental Ltd**

The Company markets environmentally-friendly technology that drives energy usage reductions and measurable improvements in air quality, surface hygiene and asset performance. Aeris' whole-of-system approach ensures that systems perform better, are safer, last longer and cost less to run.

The Company's products solve real world problems more effectively than conventional products and services. Combining Aeris' unique product formulations with world-leading device technology, the Company provides carbon reductions through reduced energy needs, cleaner air to breathe, safer surfaces, and long-term protection of assets and surfaces from corrosion, biofilm and pathogens.



## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

**Aeris Environmental Ltd**

ABN

**19 093 977 336**

Quarter ended ("current quarter")

**31 March 2024**

#### Consolidated statement of cash flows

	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	515	2,232
1.2 Payments for		
(a) research and development	(102)	(264)
(b) product manufacturing and operating costs	(380)	(936)
(c) advertising and marketing	(45)	(179)
(d) staff costs and Directors' fees	(414)	(1,202)
(e) administration and corporate costs	(381)	(1,323)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	20
1.5 Interest and other financial costs	(3)	(17)
1.6 Income tax refund received (including R&D tax offset)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Others (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(805)</b>	<b>(1,668)</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(7)	(46)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(7)</b>	<b>(46)</b>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,698	2,600
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(805)	(1,668)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7)	(46)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>886</b>	<b>886</b>

### Consolidated statement of cash flows

<b>5 Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Cash on hand and at bank	255	522
5.2 Term Deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Deposits at call	630	1,177
<b>5.5 Cash and cash equivalents at end of quarter (item 4.6)</b>	<b>886</b>	<b>1,698</b>

<b>6 Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	259
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

## 7 Financing facilities available

Note: The term "facility" includes all forms of financing arrangements available to the entity

Add notes as necessary for an understanding of the sources of finance available to the entity

	<b>Total facility \$A'000</b>	<b>Amount drawn \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Aeris Directors are evaluating the option of an arms length unsecured facility.

## 8 Estimated cash available for future operating activities

	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(805)
8.2 Cash and cash equivalents at quarter end (item 4.6)	886
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	886
<b>8.5 Estimated quarters of funding available</b> (item 8.4 divided by item 8.1)	1.1

- 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

The Directors believe the Company will continue to generate at least the current level of cash flows from operations going forward and are currently actioning plans to materially grow the business.

- 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Directors have explored funding options, including an unsecured facility with existing shareholders, which will be on arms-length terms.

- 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Directors believe that, with the additional funding considered, the business will be able to execute against its current strategy.

## **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **30 April 2024**

**Authorised for release to the market by the Aeris Board of Directors.**

## **Notes:**

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- 4 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.