

29 October 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 September 2024 Quarterly Activities Report and attaches its Quarterly Cash Flow Report – Appendix 4C.

Highlights

- **Successful completion of Joint Venture (JV) with Cognian Technologies Ltd (Cognian) to commercialise and deliver next generation smart building Internet of Things (IoT) technologies via new AerisTech Pty Ltd (AerisTech) digital technologies vehicle.**
- **Revenues and gross margins continue growth and are within targeted ranges.**
- **Operating expenses continued to be well-controlled and were in targeted range.**
- **Cash receipts totalled \$839,000, up 33% on prior corresponding period (pcp).**

Financial Highlights

The Company delivered revenue totalling \$729,300, in line with the previous quarter and the pcp. Aeris' gross margin for the quarter was within the targeted range, and operating expenses continued to be well-controlled and were also in the targeted range. The Company's cash receipts were \$839,000 for the quarter, up 33% on the pcp. Aeris' cash and cash equivalents were \$772,000 at 30 September 2024, with additional facilities available.

JV with Cognian

During the quarter, the Company entered into a binding agreement with Cognian, an unlisted public company, to establish the AerisTech JV. Cognian contributes its core technologies, intellectual property (IP) and development capabilities exclusively within the smart building sector, while Aeris brings its expertise in energy and carbon reduction, indoor air quality (IAQ) and global distribution platforms. A key objective of this partnership is to advance environmental, social and governance (ESG) reporting, and achieve measurable progress on sustainability goals.

AerisTech expands the Company's suite of solutions, covering the smart building ecosystem. This includes access to Cognian's patented cloud-based wireless Syncromesh technology, including hardware and software products. These offerings, such as Connectivity as a Service and Software as a Service, provide ongoing, subscription-based revenue streams, and are expected to enhance sales of Aeris' core consumables, driven by actionable digital measurement and verification capabilities.

The focus of AerisTech will be to deliver integrated digitalisation to the full array of buildings, from small-to-medium enterprise to large-scale enterprise properties, via a network of value-adding partners and distributors. This aligns strongly with the ongoing Energy Alliance initiative, where "best of breed" solutions are being delivered, sourced from both internal development and external partnerships. It is becoming increasingly clear that the market, both in Australia and internationally, requires trusted vendors to support the transition to energy and carbon reduction.

The Company believes that its expanded capabilities provide a number of key advantages in the marketplace. Aeris' customers now have multiple on-ramps into its ecosystem, such as heating, ventilation, and air-conditioning, lighting, IAQ, preventative maintenance, energy and power

monitoring, and a broad range of IoT connectivity. The business model provides ongoing cloud-based recurring software revenue and assists the Company's clients to achieve improved energy rebates, as well as providing actionable data on a daily basis via the "Aerisview" online dashboard.

Aeris is building a growing pipeline of customers that are both trialling and implementing its digital solutions. In parallel, the Company is investing in support capability for its channel partners, including some of the leading consulting groups to the enterprise market.

Whilst its platform and products address a broad market opportunity, with a significant total addressable market, early engagement is occurring with the quick service food market, mining, large-scale real estate investment trusts and emerging opportunities in IoT/digitalisation in the healthcare environment.

Australia and New Zealand

Aeris' expanding Energy Alliance initiative has progressed significantly with the commencement of the AerisTech JV. In the Australian market the AerisTech offering is relevant for the \$2 billion Building Automation Systems market, which has a healthy growth rate of over 10% (compound annual growth rate). Growth is being driven by energy efficiency needs, smart building technologies, regulatory mandates, new infrastructure developments and ESG reporting requirements. Aeris can now bring an unmatched offering to this market with the combination of AerisTech and the Company's core business products.

The AerisTech solution is already being implemented in multiple pilot/commercial sites with a variety of enterprise customers. One specific early rollout in the quick service restaurant space has already generated high quality data from a variety of sensors, actionable insights and energy efficiency gains from actions taken.

Aeris' specialty products, services and offerings continued to build during the quarter, with a new anti-mould formulation commencing market evaluation with a number of leading mould remediation customers. The Company is strengthening its position in the mould remediation market through an offering of professional sampling services and proprietary remediation products. With seasonal warm weather approaching and plans to launch new environmentally-friendly solutions, this product range is well-positioned for sustained growth. These innovative products, designed to exceed current market standards while prioritising worker safety, will help establish Aeris as a leader in both domestic and international markets.

International

The Company's efforts developing its core business market in China continue to progress steadily, with multiple customer trials demonstrating success during the quarter. Several of these manufacturing sites are now moving forward with larger scale production runs. There is a focus on well-established enterprise level clients that have a network of manufacturing facilities. These clients have rigorous quality control and new product inception processes, which, although lengthy and demanding, ensure the products are fit for purpose, and will have cost and performance advantages in the domestic Chinese market.

To compete effectively in China, it is necessary to produce Aeris products locally, and substantial time and resources have been dedicated to developing a manufacturing method that enables local Chinese production and retains the core IP of the Company's formulations. Aeris is now working closely with several large-scale enterprise customers in China, with the aim to provide both scale and annuity business, and to act as a platform for additional innovative products for the Chinese market.

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). Rent, property outgoings, corporate overheads, distribution, administration expenses and other charges of \$128,000 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 \$96,000 were paid to Novapharm Research (Australia) Pty Ltd, of which Non-Executive Directors Maurie Stang and Steven Kritzler are directors. Product purchases of \$6,000 were paid to EnviroGuard Technologies Pty Ltd (EnviroGuard), of which Non-Executive Director Maurie Stang is a director. Non-Executive Director Steven Kritzler has an indirect beneficial interest in EnviroGuard through a trust. In the previous quarter three loan facilities of \$1,500,000 each were entered into with two of the Non-Executive Directors (Maurie Stang and Steven Kritzler) and one of Aeris' shareholders (Bernard Stang). Each loan is an unsecured facility that attracts 10% interest and can be repaid without penalty if the Company secures alternative funding. The loan maturity date is 28 June 2026. The first drawdown of \$500,000 was made in June 2024 and the second drawdown of \$500,000 was made in July 2024.

Summary

With the successful launch of the AerisTech JV and the expansion of its product pipeline, Aeris is focused on increasing revenue and broadening its market presence. The Company is well-positioned to address the growing demand for smart building technologies, driven by energy efficiency needs, regulatory requirements and carbon neutrality goals.

Aeris' solutions empower clients to measure, verify and act on their carbon footprint using a combination of hardware, software and consumables. These products offer scalable, cost-effective, cybersecure and easy-to-install systems, which help extend the lifecycle of building assets, improve safety, optimise revenues and lower operational costs.

As businesses adapt to the increasing regulatory focus on carbon emissions, the Company is committed to providing best-in-class solutions that support both compliance and long-term sustainability.

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

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



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")

30 September 2024

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	839	839
1.2 Payments for		
(a) research and development	(152)	(152)
(b) product manufacturing and operating costs	(511)	(511)
(c) advertising and marketing	(68)	(68)
(d) staff costs and Directors' fees	(397)	(397)
(e) administration and corporate costs	(628)	(628)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other financial costs	(5)	(5)
1.6 Income tax refund received (including R&D tax offset)	201	201
1.7 Government grants and tax incentives	-	-
1.8 Others (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(713)	(713)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(5)	(5)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(5)	(5)
3 Cash flows from financing activities		
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	500	500
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)	-	-
3.10 Net cash from / (used in) financing activities	500	500

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	990	990
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(713)	(713)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	500	500
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	772	772

Consolidated statement of cash flows

5 Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	772	772
5.2 Term Deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Deposits at call	-	-
5.5 Cash and cash equivalents at end of quarter (item 4.6)	772	772

6 Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	301
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

	Total facility \$A'000	Amount drawn \$A'000
7.1 Loan facilities	4,500	1,337
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	4,500	1,337
7.5 Unused financing facilities available at quarter end		3,163

- 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.

There were three facilities of up to \$1,500,000 each that have been entered into with two Directors (Maurie Stang and Steven Kritzler) and one Shareholder (Bernard Stang). Each loan is an unsecured facility that attracts 10% interest and can be repaid without penalty if Aeris secures alternative funding. The loan maturity date is 28 June 2026.

8 Estimated cash available for future operating activities

	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(713)
8.2 Cash and cash equivalents at quarter end (item 4.6)	772
8.3 Unused finance facilities available at quarter end (item 7.5)	3,163
8.4 Total available funding (item 8.2 + item 8.3)	3,934
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.5

- 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?

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?

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?

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: **29 October 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.