



31 January 2025

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 December 2024 Quarterly Activities Report and attaches its Quarterly Cash Flow Report – Appendix 4C.

Highlights

- **Revenue of \$766,000 achieved in the quarter.**
- **Gross margin of 61%, an improvement on prior corresponding period (PCP) and within the targeted range.**
- **Operating expenses continued to be well-controlled and were in the targeted range.**
- **Cash receipts totalled \$501,000, cash and cash equivalents were \$1,029,000 on 31 December 2024.**
- **Significant positive momentum with the AerisTech Pty Ltd (AerisTech) Joint Venture (JV), both in terms of product development and a very strong customer pipeline.**
- **The Company achieved listing as a qualified supplier to Wilmar International (Wilmar), a major international agribusiness, implementing several of Aeris' latest consumables.**

Financial Highlights

The Company delivered quarterly revenue totalling \$766,000, an increase of 5% on the previous quarter. Aeris' gross margin for the quarter was 61%, an improvement on the PCP and above the targeted range. Operating expenses continued to be well-controlled and were in the targeted range. The Company's cash receipts were \$501,000 for the quarter, and cash and cash equivalents were \$1,029,000 on 31 December 2024.

AerisTech – Hardware and Software

Last quarter, Aeris entered into a binding agreement with Cognian Technologies Limited, an unlisted public company, to establish the AerisTech corporate JV. The JV expanded the Company's suite of proprietary solutions to create an entire ecosystem of smart building solutions. The extension of Aeris' capabilities encompasses patented cloud-based Syncromesh technology, and incorporates both wireless hardware and software products in the form of Connectivity as a Service (CaaS) and Software as a Service (SaaS), positioning the Company with outstanding capabilities to be a preferred partner to enterprise customers for sustainability reporting and goals.

Aeris onboarded a new enterprise customer in November 2024. The three-month commercial programme, with a high-profile international convenience store customer, underscores the AerisTech capability to streamline facility operations for enterprise customers.

The Company has deployed hardware and software to aid in the collection and visualisation of occupancy counting, temperature monitoring, door open sensors and energy consumption. This will deliver upfront installation revenues per store, plus trailing SaaS monthly revenues. Under the programme, food safety compliance will be determined through temperature monitoring and management. One of the key benefits of deploying the AerisTech Syncromesh system is that there will be a reduction in the labour time required and an increase in remote head office visibility.

Automated leak detection has also been deployed and will reduce manual mechanical services time, and monitoring the heating, ventilation and air-conditioning systems will deliver cost savings through energy optimisation and mechanical services streamlining. Mechanical service visits experienced a reduction of 30%, driving an impressive return on investment (ROI). Furthermore, occupancy data generates customer volumes and timing insights, enabling store resource planning benefits.

AerisTech technology is providing the convenience store customer with insights on optimal performance and maintenance schedules, and is expected to deliver cost savings and risk reductions for the customer, with an anticipated ROI of less than 12 months.

Aeris continues to build a strong and rapidly-growing new enterprise customer pipeline for its AerisTech energy, carbon management and reduction ecosystem. Each customer onboarded provides scalable revenues both in terms of the initial system installation and annuity revenue. A number of these customers have several hundred, to several thousand, site locations. Therefore, it is anticipated that growth will be driven both in terms of new customers and significant expansion with the customers now being developed.

Consistent with the Company's strategic aim of building a leading ecosystem for digitalising the built environment, AerisTech continues to attract strategic partnerships, creating a unique capability to deliver both actionable data and successful outcomes for its clients worldwide.

Consumables

The consumables segment of the business continued to expand during the quarter, with both domestic and international revenues growing from the previous quarter. Importantly, Aeris' investment in China is now demonstrating a potential for sizeable growth for the Company's proprietary system of consumables, together with attractive margins from manufacturing in China for the domestic market. As an example, Budweiser has executed a positive trial for a novel proprietary foaming disinfectant product. The Company is confident this trial will lead to a product listing with Budweiser in the near future and the process of applying to be a qualified supplier has commenced.

After a lengthy and complex verification and validation project, Aeris has achieved a listing of being a qualified supplier to Wilmar, a leading agribusiness group in Asia. Extensive product trials have resulted in two products achieving registration with Wilmar, with a third product currently under evaluation. The Company's focus will be on supplying factories in China, and fine tuning the methodology of application for Aeris' cleaning and disinfection products. Sales to Wilmar are expected to be material, following the implementation of the Company's manufacturing in China, which is anticipated to commence before the end of the current financial year. Additionally, a large industrial customer in China has been developing a new chemical product with the assistance of Aeris' proprietary biocide technology. The use of the Company's product led to a successful commercial order for the customer's new, environmentally friendly and low toxicity disinfectant wipe product, with a repeat order expected for February 2025.

Related-Party Transactions

Payments to Aeris' related parties and their associates during the quarter were: Non-Executive Directors' fees, totalling \$77,000, paid to Maurie Stang (\$25,000), Jenny Harry (\$19,000), Abbie Widin (\$17,000) and Steven Kritzler (\$16,000). Property outgoings, rent, corporate overheads, distribution, administration expenses and other charges of \$198,000 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 \$62,000 were paid to Novapharm Research (Australia) Pty Ltd, of which Non-Executive Directors Maurie Stang and Steven Kritzler are

directors. Product purchases of \$26,000 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. During June 2024, three loan facilities of \$1,500,000 each were entered into with two Non-Executive Directors (Maurie Stang and Steven Kritzler) and one of the Company's shareholders (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 and \$2,840,000 of the \$4,500,000 facility has been drawn-down as at 31 December 2024.

Summary

Second quarter revenues displayed growth for the Company's products, despite the significant attention and investment on implementing the AerisTech JV. It is anticipated that in the second half of 2025 the benefits of the sales generated by the AerisTech ecosystem will begin to materialise.

Aeris is pleased to report that the customer feedback on both its AerisTech Syncromesh solution and the new consumable initiatives have been both strong and positive. High-profile enterprise customers have stated that they intend to build their digital capabilities on the Company's Syncromesh platform and have stated repeatedly that the offering is both highly relevant to their business needs, and market leading in its capabilities and ease of implementation.

Aeris is now building both a domestic and international network of distribution and channel partners, each of whom have a significant customer base in their own right. These partners and facility management specialists intend to grow with the Company and its Syncromesh ecosystem as their preferred platform for delivering to their customers into the future.

Having successfully completed the start of the AerisTech JV, Aeris is now well positioned to focus on its growth objectives. The Company is now expanding its capabilities to deliver large enterprise programmes, and has been successful in onboarding both national and international electrical contractors and facility management companies.

Aeris' pipeline for consumable sales continues to develop substantially, particularly for the Company's disinfection and corrosion protection ranges. In Australia, the seasonal effects on the mould remediation industry meant less activity in the December 2024 quarter, but are expected to promote growth in the third quarter. After the Lunar New Year holidays the consumables business in Asia holds significant opportunities.

The market for Universal Building Intelligence is likely to be driven by both legislation and sustainability compliance directives. Aeris has a strategic vision of emerging leadership in this multibillion-dollar marketplace. By aligning with corporations who choose to assess the Company's Syncromesh platform for building their businesses locally and globally, Aeris is putting in place the support capabilities to enable this growth opportunity.

For more information, please contact:

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The Company's Quarterly Activities 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, 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")

31 December 2024

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|--|--|
| 1 Cash flows from operating activities | | |
| 1.1 Receipts from customers | 501 | 1,340 |
| 1.2 Payments for | | |
| (a) research and development | (149) | (301) |
| (b) product manufacturing and operating costs | (244) | (754) |
| (c) advertising and marketing | (70) | (138) |
| (d) staff costs and Directors' fees | (440) | (837) |
| (e) administration and corporate costs | (948) | (1,576) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 5 | 13 |
| 1.5 Interest and other financial costs | (4) | (9) |
| 1.6 Income tax refund received (including R&D tax offset) | - | 201 |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Others (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (1,348) | (2,061) |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 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) |
| (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) |
| 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 | 1,605 | 2,105 |
| 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 | 1,605 | 2,105 |

| | | |
|--|--------------|--------------|
| 4 Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 772 | 990 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (1,348) | (2,061) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | (5) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 1,605 | 2,105 |
| 4.5 Effect of movement in exchange rates on cash held | 0 | 0 |
| 4.6 Cash and cash equivalents at end of period | 1,029 | 1,029 |

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 | 1,029 | 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) | 1,029 | 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 | 363 |
| 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 | 2,837 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 4,500 | 2,837 |
| 7.5 Unused financing facilities available at quarter end | | 1,663 |

- 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) | (1,348) |
| 8.2 Cash and cash equivalents at quarter end (item 4.6) | 1,029 |
| 8.3 Unused finance facilities available at quarter end (item 7.5) | 1,663 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 2,692 |
| 8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1) | 2.0 |

- 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: **31 January 2025**

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.