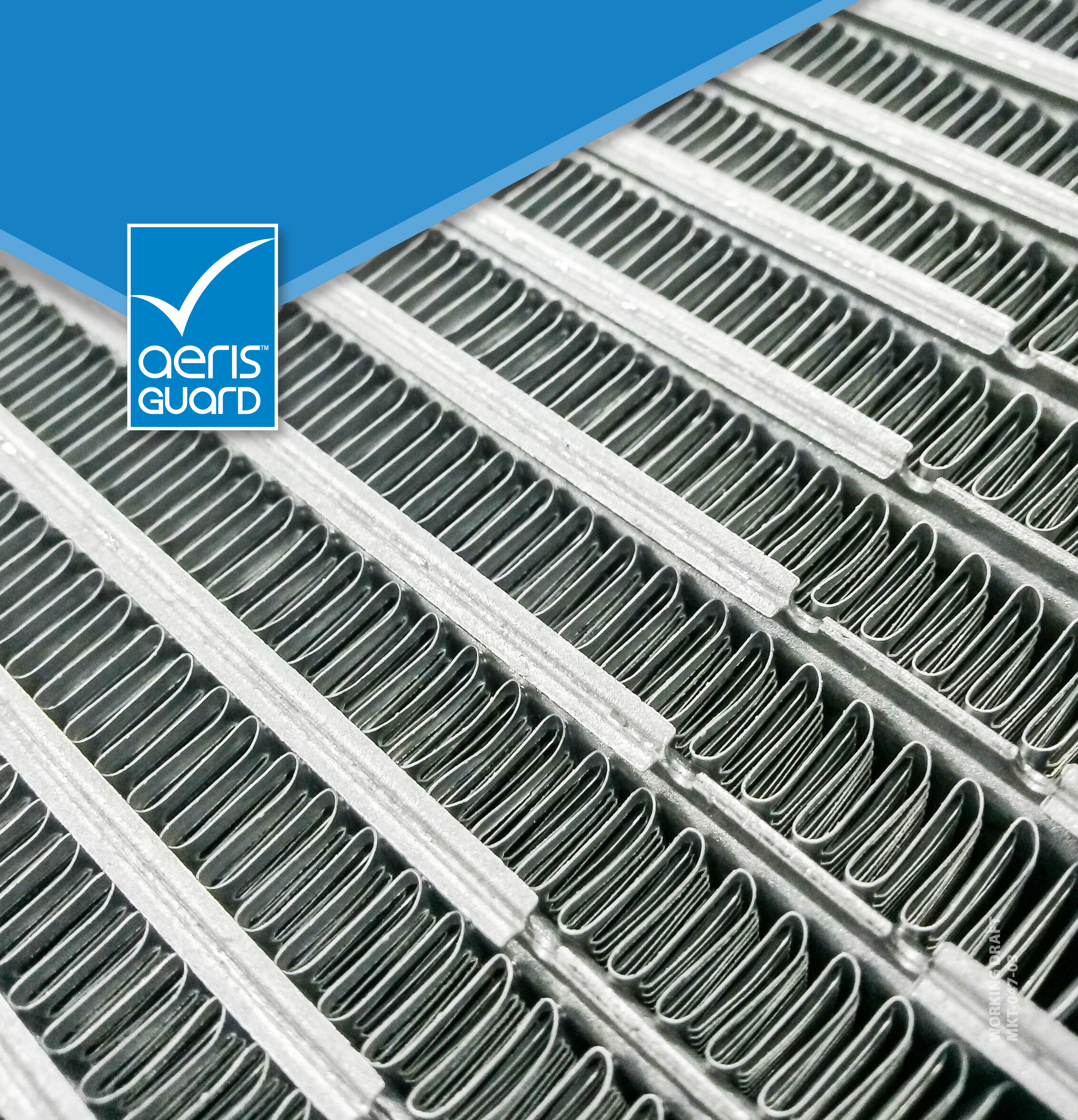
Aeris Environmental Ltd

ACN 093 977 336

Annual Financial Report

Year Ended 30 June 2025



Aeris Environmental Ltd

ABN 19 093 977 336

Annual Report - 2025

Aeris Environmental Ltd
Chairman and CEO Report
30 June 2025

Dear Shareholders

During the 2025 year, the Company undertook a material expansion of its activities via a strategic corporate joint venture acquiring a majority position in the Aeris Syncromesh technology and entering further into the global market for building intelligence.

The Company has successfully executed its strategic vision of building an integrated ecosystem of products and services that directly addresses the accelerating global demand for energy efficiency and carbon neutrality solutions.

The momentum building across Aeris' emerging customer base has been particularly encouraging. Customer acquisition spans enterprise to small to medium buildings (SMB) segments and continues to generate consistently positive feedback, validating that Aeris' end-to-end capability for actionable measurement, verification, and reporting is fundamentally aligned with evolving market needs. In parallel, Aeris is working closely with leading national wholesalers including the Laurence & Hanson / Sonepar Group, to provide these groups with an attractive new revenue stream.

Your Company has had considerable success in terms of its R&D activities with significant upgrades to its specialty chemicals, leading to material opportunities in key international markets including China, the Middle East and The Philippines.

AerisTech: Building the Future Today

FY25 represented a pivotal year for Aeris Syncromesh ecosystem, with initial sales to multiple high profile enterprise customers, each of whom recognise the benefits of adopting the Syncromesh technology as the basis for their IoT, AI, and sustainability reporting requirements.

The unique value proposition of the Syncromesh platform, to deliver smart building capabilities without the disruption and complexity of traditional wired systems, has resonated strongly with those commercial property owners embracing digitalisation and investing in building automation. Aeris Syncromesh wireless-first, vendor-agnostic approach addresses critical market gaps while enabling rapid deployment and early return on investment.

Key to Aeris Syncromesh scalability is the ability to partner with leading IoT and power monitoring OEM's, allowing Aeris to rapidly provide first tier solutions and maintain open capability with nearly all IoT technologies. This results in Aeris being able to meet a wide variety of business uses from energy management to carbon reporting and the broadest array of controls required in the modern built environment. These data are provided to the customer on an intelligent dashboard, generating actionable data, and billed on a SaaS revenue model.

Importantly, this integrated approach is already demonstrating the synergistic benefits anticipated. Early Syncromesh deployments are driving increased adoption of core Aeris consumables and HVAC solutions, creating deeper, more comprehensive customer relationships that enhance lifetime value and competitive positioning.

The commercial property market's accelerating investment in building automation systems, combined with regulatory requirements including the nationwide rating system for the environmental performance of buildings (NABERS) compliance and Scope 2 reporting mandates, has created an unprecedented opportunity landscape. Aeris Syncromesh ecosystem is also ideally positioned to capture significant market share with the international market opportunity estimated at $35bn by 2030.

Core Business Momentum

The core specialty chemicals business has derived significant benefits from its R&D activity resulting in a new generation of HVAC corrosion protection products, environmentally friendly disinfectants for industrial and commercial applications and a growing range of mould remediation technologies.

Recent significant purchase orders from large multinational corporations for Aeris' enhanced corrosion protection solutions validate both the Company's technical innovation and market positioning. These wins represent not just revenue opportunities, but strategic endorsements that strengthen the Company's competitive moat in key international markets.

Through increased activities in building intelligence, Aeris continues to acquire the rights to complementary products and services which extends its offering and revenue potential to all its customers both locally and internationally.

Regulatory Alignment and Market Timing

The timing of the acquisition of Syncromesh has aligned with evolving regulatory requirements. Enterprise customers must now meet new IFRS S1 and S2 reporting standards, particularly targeting Scope 2 disclosures. Simultaneously, the shift from deemed measurement systems to verification requirements positions the Syncromesh platform to maximise improvements and validate future Australian energy rebate certificate grants.

This regulatory evolution, combined with increasing sustainability reporting, is accelerating enterprise demand for comprehensive building intelligence solutions that deliver measurable outcomes leading to meaningful energy subsidies.

Global Expansion Strategy

From a global perspective, Aeris is systematically identifying and establishing distributors and value-added partners to deliver solutions into the rapidly expanding international energy efficiency marketplace. This demand is anticipated to accelerate significantly over the coming decade, and Aeris is strategically positioning itself with both platform capabilities and ecosystem partnerships to drive solutions that meet diverse customer needs across Australasia and internationally.

In China, Aeris' established partnerships with highly regarded manufacturing and distribution companies have begun generating initial product shipments. Chinese regulatory priorities in energy, food safety, and indoor air quality align directly with the Aeris WOFE expansion strategy, positioning us to capture substantial market opportunities as these priorities intensify. Aeris has now been quality certified and approved as a supplier to one of the world's largest beverage groups, with the Company's new environmental technologies poised to be rolled out in their manufacturing operations.

Product Innovation and Market Focus

Aeris' core products continue to demonstrate increased sales momentum, having been reformulated to address growing market needs in indoor air quality, energy efficiency, asset protection, and mould remediation. Aeris' R&D programme has successfully enhanced both performance and cost effectiveness across the Company's product portfolio, leading to adoption in commercial and industrial sectors with a particular focus on food and beverage manufacturing.

These innovations are expected to drive meaningful growth in Aeris' high-margin consumables business while strengthening the integrated value proposition that differentiates Aeris in competitive markets.

Strategic Foundation for Growth

Aeris has now entered the global building intelligence market with a disruptive Syncromesh capability, allowing integration with commercially available IoT sensors across a full spectrum of market applications. This is combined with a cloud-based data reporting and visualisation capability that Aeris believes leads the market in terms of ease of deployment, cybersecurity, and the provision of real time actionable data. This, combined with a growing AI capability, is attracting customers across the spectrum from SMEs to Enterprise. The margins from SaaS revenue stream will have a dramatic impact on improving the already robust margin profile which currently exceeds 50%.

Key to scalable growth of the Syncromesh ecosystem is evolving relationships and partnerships with service companies including facility managers, electrical contractors, and systems integrators. In addition, Aeris has established relationships with electrical wholesalers that have large portfolios of enterprise customers who are proactively being targeted by the Company's partners.

The Company remains strategically focused on balanced cost containment and sustainable growth while maintaining active research and development investments that enhance the market-focused portfolio strategy. This disciplined approach ensures Aeris can capitalise on emerging opportunities while maintaining the operational efficiency required for scalable profitability.

Looking Forward

In summary, Aeris has now entered with what it believes to be a highly disruptive capability in the global market to service building intelligence and digitalisation. Syncromesh is aligned with multiple revenue streams as well as acting as a driver for the adoption of the Company's specialty chemicals in energy efficiency, air quality, and environmental hygiene.

Aeris is committed to growing shareholder value and investing in emerging market leadership in the smart building sector. The Company has successfully restored gross margins across its entire portfolio and now the focus is on driving significant growth whilst maintaining an efficient cost structure.

We welcome the Syncromesh team who are contributing materially to the new ecosystem and thank the Aeris team and Board for their efforts and contributions in driving Aeris to be an emerging leader in this exciting and rapidly growing market.

We enter the new financial year with confidence in the Company's strategic direction, validated market positioning, and the operational capabilities required to deliver growing shareholder value.

Maurie Stang Chairman	Andrew Just CEO

2025 Annual Financial Report: Review of Operations

Sector outlook

Aeris has successfully executed a transformational year focused on operational excellence and strategic positioning for accelerated growth. While core business revenues remained consistent with the previous year, the Company achieved significant milestones in establishing new revenue streams and market positioning. With gross margins meeting the targeted range of over 50%, Aeris has demonstrated diligence in meeting profitability metrics while investing substantially in future growth platforms.

The Company's growth strategy continues to address the expanding Scope 1 and 2 carbon reporting requirements of enterprise clients globally. As regulatory pressure intensifies and awareness increases for financial reporting compliance, businesses are increasingly recognising the substantial costs of inaction. The built sector, responsible for over one third of global energy consumption, has emerged as a critical focal point for investment in energy and carbon reduction initiatives. Aeris is uniquely positioned with proprietary technologies that directly address these escalating market demands.

In Australia, legislated government regulatory requirements mandating energy efficiency reporting for large entities have created unprecedented market opportunities. This regulatory shift presents Aeris with a substantial competitive advantage as enterprises seek partners capable of delivering comprehensive measurement, verification, and action capabilities for carbon footprint reduction.

Aeris' expanded product portfolio has been strategically strengthened to address the evolving needs of the energy efficiency and air quality markets in the built environment, while simultaneously targeting high-growth market segments in international markets where the Company's proprietary technologies present significant commercial opportunities.

Financial Performance

Annual revenue for the 2024-2025 financial year was $3,260,542 (2024: annual revenue $3,166,065). The Company made a loss before income tax of $4,583,794 compared to a loss before income tax of $3,104,857 in the prior year. Gross margins were maintained at 51% (2024: 57%), reflecting disciplined cost management despite ongoing inflationary pressures and strategic investments in new technology platforms.

The Company's cash receipts from customers for the year were $3,123,851 compared to the previous year of $3,279,229. As at 30 June 2025, Aeris has net liabilities of $4,116,114 compared to net liabilities of $27,503 on 30 June 2024. Cash on 30 June 2025 was $882,993 compared to $989,791 at 30 June 2024. The net cash used in operating activities increased by $2,293,973, primarily reflecting strategic investments in the Aeris Syncromesh platform development and market establishment. Balance sheet movements included an increase in trade debtors of $492,398.

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

Aeris continues to deliver exceptional value through its dual proposition of energy efficiency and enhanced indoor air quality (IAQ) via the Company's comprehensive HVAC&R product and service portfolio. FY25 represented a pivotal year with successful implementations for multiple enterprises, demonstrating measurable energy savings and IAQ improvements across diverse commercial environments. Aeris' expanded technology portfolio, enhanced through strategic distribution agreements for key IAQ technologies, has generated considerable market traction. The Company continues to evaluate complementary technology additions that align with its comprehensive building intelligence strategy.

Aeris Syncromesh technology is an innovative software platform that has progressed significantly, positioning Aeris to revolutionise measurement and management capabilities across HVAC&R systems. This integrated approach enables end-to-end solutions for commercial buildings, spanning initial energy and IAQ assessment through to implementation of sustainable environmental improvement programmes that deliver measurable carbon emissions performance enhancement.

This integrated solution directly addresses the evolving landscape of energy rebate schemes and increasingly stringent financial reporting requirements. As these requirements become fundamental business priorities, the demand for reliable measurement, verification, and action on carbon emissions will accelerate. Aeris' agile and cost-effective HVAC&R solutions are positioned as core enablers for achieving essential sustainability and carbon outcomes, with pilot studies consistently documenting substantial energy savings and IAQ improvements.

Aeris Syncromesh: Building Intelligence Revolution

FY25 marked a transformational year for Aeris Syncromesh, its building intelligence solution focused on delivering scalable wireless IoT solutions for commercial, industrial, and government buildings. Following the successful development and testing phases, Aeris Syncromesh has commenced commercial operations employing its flagship platform—a secure, vendor-agnostic IoT ecosystem specifically optimised for retrofitting existing buildings without disruption.

The commercial property market's accelerating embrace of digitalisation and building automation systems has created substantial opportunities for Aeris' innovative approach. The wireless-first, AI-ready Syncromesh technology addresses critical market gaps by enabling rapid deployment without the complexity and cost associated with traditional wired building management systems.

During FY25, Aeris Syncromesh achieved several critical milestones including successful pilot deployments with major enterprise clients across QSR, commercial real estate, and industrial sectors. These initial implementations have validated Aeris' value proposition of delivering smart building capabilities with minimal disruption and rapid return on investment. The Syncromesh dashboard has demonstrated positive user adoption, providing real-time visibility, compliance reporting, and automation capabilities that directly support customers' sustainability objectives.

The total addressable market for Aeris Syncromesh in Australia alone was projected at $2.16 billion in 2024, expanding to $3.15 billion by 2030. Aeris' phased market approach, targeting high-impact verticals including quick-service restaurants, commercial real estate, and industrial facilities, positions it to capture significant market share as enterprises prioritise building intelligence investments.

Specialty Services and Products

Aeris' R&D efforts have yielded innovations that address long-standing market limitations. Field trials of new chemistry formulations have generated positive feedback from commercial partners in the food and beverage industry, validating the approach to superior remediation capabilities while delivering enhanced environmental safety profiles.

The planned launch of next-generation products in this category represents a significant advancement over legacy technologies, addressing both performance and occupational health and safety and environmental concerns that have historically challenged this customer base. These innovations complement the Company's existing product portfolio and strengthen Aeris' position in this growing market segment.

Aeris' Queensland-based mould remediation specialist team has continued building market leadership, serving prestigious clients including multiple government departments. This service offering has demonstrated consistent growth while opening adjacent market opportunities in indoor air quality and surface hygiene applications.

Aeris' corrosion protection product range achieved significant progress during FY25, with successful development of major enhancements to maintain its market-leading position. Working in partnership with key international customers to address specific technical challenges has resulted in innovations expected to deliver strong performance across multiple international markets. Recent purchase orders from large multinational corporations validate both the technical superiority and commercial viability of the enhanced offerings, and strong growth is forecast for this product range in the coming year.

International Markets

Aeris has maintained strategic focus on high-potential international markets, with particular emphasis on opportunities in China, the UAE, and the United States. In China, substantial progress has been achieved through direct pilots with global manufacturers in the food and beverage industry. Aeris' market-specific chemical formulations, developed to address unique Chinese market requirements, have generated positive responses in these enterprise pilots, creating a robust sales pipeline for the coming year.

The US market has demonstrated significant potential for the new Aeris Syncromesh solutions offering, with the first channel partner H4 Enterprises secured and placing repeat orders. An estimated 60% of commercial properties in the USA currently have no digital system, so for those companies making the transition there is a strong opportunity for Aeris Syncromesh disruptive technology, which is cost-effective to deploy, is quickly scaleable across sites and flexible due to its vendor agnostic approach.

Aeris' international distributor and channel partner network has expanded, leveraging its broadened technology portfolio across key global markets. Emerging partnerships feature companies with extensive established customer bases actively seeking integrated solutions that the Company's comprehensive ecosystem can now deliver through highly competitive packages.

Australia

The Australian market strategy centres on addressing the comprehensive sustainability needs of enterprise clients while supporting the critical transition from carbon offset purchasing to demonstrable energy and carbon reduction. Aeris is leveraging extensive domain expertise to help customers navigate the evolving regulatory landscape that increasingly favours direct operational improvements over offset credit purchases.

The Aeris Syncromesh initiative has been positioned to deliver integrated expertise spanning energy trading certificates, measurement and verification, and advanced technologies for energy efficiency and environmental hygiene. This comprehensive approach aligns with emerging regulatory requirements and enterprise sustainability commitments.

Product range expansion through R&D and strategic distribution agreements has significantly increased the value Aeris delivers to customers. Aeris' solutions now provide real-time energy and air quality monitoring capabilities that directly contribute to carbon emission reductions and healthy building certifications, addressing multiple compliance and performance objectives simultaneously.

Summary

Aeris has successfully executed the foundational phase of its growth strategy by establishing operational excellence, state-of-the-art technology platforms, and targeted market positioning. The Company is making substantial investments in technologies, partnerships, and product development that position it for accelerated growth.

The integration of Aeris Syncromesh represents a transformational addition to the Company's portfolio, generating growing engagement and demand from a diverse cross-section of enterprise customers and channel partners. Aeris' development programme and investment strategy aim to extend its capabilities from custom enterprise solutions to comprehensive "off-the-shelf" product portfolios that enable partners throughout international markets to address their customers' evolving needs profitably and at scale.

Success metrics will continue to focus on sustainable growth to deliver enhanced shareholder value and to contribute to Aeris' customers' and partners' sustainability outcomes through more efficient environments in buildings. The expanding portfolio of patent-protected products and technologies strengthens Aeris' strategic position in this rapidly growing global market.

The next phase of Aeris' growth strategy emphasises expanding value delivery to its SME and enterprise customers while advancing up the value chain through deeper partnerships focused on carbon emission goal achievement. The Company anticipates accelerating demand from customers seeking comprehensive support for regulatory reporting obligations and baseline energy performance improvements. Aeris is strategically positioned to address these challenges through our integrated, holistic approach and a proven innovative technology platform.

With strong market momentum building across the core international business, validated through recent significant purchase orders, and Aeris Syncromesh demonstrating compelling market traction with multiple large enterprise initial deployments, Aeris enters FY26 with a significant opportunity for accelerated growth and market leadership in the expanding building intelligence and environmental solutions sectors.

The Directors of Aeris Environmental Ltd submit herewith the Annual Report for the financial year ended 30 June 2025. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

Directors

The Directors of Aeris Environmental Ltd at the date of this report are:

Maurie Stang	Non-Executive Director and Chairman
Steven Kritzler	Non-Executive Director
Abbie Widin	Non-Executive Director
Jenny Harry	Non-Executive Director

All Directors served on the Board for the period 1 July 2024 to 30 June 2025.

The names and details of the Directors, Chief Executive Officer and Company Secretary of Aeris Environmental Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Maurie Stang
Non-Executive Director and Chairman

Mr Stang has more than four decades of experience building and managing companies in the healthcare and biotechnology industry in Australia and internationally. His strong business development and marketing skills have resulted in the successful commercialisation of intellectual property across global markets. Mr Stang has been the Executive Chairman of unlisted company Lumitron Technologies Inc. since 2016.

Director since: 24 July 2002 - appointed Chairman in 2002

Directorship of other listed companies held in the last three years: Non-Executive Director of Nanosonics Limited (ASX:NAN) until 18 November 2022 and Non-Executive Deputy Chairman of Vectus Biosystems Limited (ASX:VBS) since December 2005.

Steven Kritzler
Non-Executive Director

Mr Kritzler (M.Sc from the UNSW in the field of Polymer Chemistry) holds a number of international patents. He is the Technical Director of Novapharm Research (Australia) Pty Ltd. Mr Kritzler has over 40 years of experience in commercial R&D in the areas of pharmaceutical, medical, cosmetic and speciality industrial products. Under his technical direction, Novapharm Research has become a world-leader in infection control science.

Director since: 24 July 2002

Directorship of other listed companies held in the last three years: None

Abbie Widin
Non-Executive Director

Dr Widin (PhD, GAICD) has more than 20 years’ executive and board experience across consumer goods, consulting, robotics and AI. She has held senior international roles with Procter & Gamble in Europe and Australia, and with Kellogg in Asia Pacific. Dr Widin is also the founder and CEO of a robotics and AI proptech business, with a focus on commercialisation and data stewardship in regulated sectors. She is currently a Non-Executive Director of the Agricultural Business Research Institute (ABRI). Dr Widin brings expertise in governance, commercialisation of new technologies and IP, capital raising, and go-to-market strategy. She holds a PhD (Univ. Sydney) and a Diploma of Business Administration (AGSM), and is a Graduate of the Australian Institute of Company Directors.

Director since: 2 March 2021

Directorship of other listed companies held in the last three years: None

Jenny Harry
Non-Executive Director

Dr Harry (PhD GAICD) is a graduate of the Harvard Business School General Manager Program and the Australian Institute of Company Directors. She co-founded Proteome Systems Limited with the team who pioneered the scientific field of proteomics, and commercialised a suite of disruptive technologies in Australia, the USA and Japan. Dr Harry has 25 years’ experience in executive management of companies in the biotechnology, diagnostic and biopharmaceutical sectors, and is an accomplished CEO in leading early-stage companies to commercialise innovative products. She is an experienced Independent Director on the Boards of listed and unlisted companies, and is currently a Non-Executive Director of unlisted company Lumitron Technologies Inc.

Director since: 21 April 2021

Directorship of other listed companies held in the last three years: Non-Executive Director of Neuren Pharmaceuticals Limited (ASX:NEU) since 7 July 2018 and Non-Executive Director of Genetic Signatures Limited (ASX:GSS) since 1 October 2024.

Andrew Just
Chief Executive Officer

Mr Just (Bec., Hec., MBA, GAICD) was formerly the Regional Director Asia Pacific for Radiometer, a Danaher Company. He has 30 years' global experience in delivering growth and scale competencies with leading Fortune 500 companies, including GE Healthcare, Danaher, Stryker, and Cochlear. Andrew has held a variety of senior leadership roles across diverse business functions, with expertise in sales and marketing, performance management, commercial transactions, and operations in both turnaround and growth environments.

Appointed: 28 March 2022

Directorship of listed companies held in the last three years: Non-Executive Director of Singular Health Group (ASX: SHG) since March 2021.

Robert Waring
Company Secretary

Mr Waring (B.Ec, CA, FCIS, FFin, FAICD) has over 50 years of experience in financial and corporate roles, including over 30 years in company secretarial roles for ASX-listed companies and over 20 years as a Director of ASX-listed companies. He has over 30 years of experience in industry and, prior to that, spent nine years with an international firm of chartered accountants. Mr Waring is a director of Oakhill Hamilton Pty Ltd, which provides company secretarial and corporate advisory services to a range of listed and unlisted companies.

Appointed: 25 July 2002

Mr Waring is also the Company Secretary of ASX-listed companies Vectus Biosystems Limited (ASX:VBS) and Xref Limited (ASX:XF1).

Share Registry

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia
GPO Box 2975, Melbourne VIC 3001
Telephone: 1300 850 505 (within Australia)
Telephone: +61 3 9415 4000 (outside Australia)
Facsimile: +61 3 9473 2500
Website: www.computershare.com
Investor Link: www.investorcentre.com/au

Directors' Meetings
The following table sets out the number of Directors' meetings and Committee meetings held during the financial year and the number of meetings attended by each Director.

	Board of Directors	Audit and Risk Committee	Corporate Governance Committee	Remuneration and Nomination Committee
Number of meetings held	10	3	1	-
Directors and their attendance				
Maurie Stang	10	3	1	-
Steven Kritzler	9	-	-	-
Abbie Widin	10	-	-	-
Jenny Harry	10	3	1	-

Committee Membership
As at the date of this Report, the Company had an Audit and Risk Committee, a Corporate Governance Committee, and a Remuneration and Nomination Committee. Members acting on the Committees of the Board during the financial year are:

Audit and Risk Committee - Jenny Harry (Chair) and Maurie Stang

Corporate Governance Committee - Jenny Harry (Chair) and Maurie Stang

Remuneration and Nomination Committee - Jenny Harry (Chair) and Maurie Stang

In addition, the Board has a Disclosure Committee, a Related Parties Committee and an Innovation Sub-Committee, which met as and when required. One strategy meeting was held during the financial year.

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

- 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.

There is no significant change in the nature of activities performed by the Company during the financial year.

Review of operations
The results of the operations of the consolidated entity during the financial year were as follows:

	2025 $	2024 $	Change $	Change %
Income	3,260,541	3,166,066	94,475	2.98
Expenses	(7,844,335)	(6,270,923)	(1,573,412)	(25.09)
Income tax benefit	461,536	131,907	329,629	249.90
Loss after income tax	(4,122,258)	(2,972,950)	(1,149,308)	(38.66)

The Company's Review of Operations commences on page 3 of this report.

Dividends
The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2025 (2024: Nil). No dividends have been paid or declared since the start of the financial year.

Significant changes in the state of affairs
There have been no significant changes in the state of affairs of the Group.

Significant events after the balance date
There have been no matters or circumstances, which have arisen since 30 June 2025 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2025, of the consolidated entity; or
(b) the results of those operations;
(c) the state of affairs; in the financial years subsequent to 30 June 2025, of the consolidated entity.

Likely developments and expected results of operations
Disclosure of information other than that disclosed elsewhere in this Report regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this Report.

Environmental regulations
The economic entity is not subject to any significant environmental Commonwealth or State regulation in respect of its operating activities.

Indemnification of Officers and Auditors

Indemnification

The Company has a Deed of Access and Indemnity with each of its Directors, by which the Company indemnifies each Director in relation to any liability incurred as a result of being a Director of the Company except where there is lack of good faith.

During or since the financial year, the Company has agreed to indemnify the Auditor UHY Haines Norton, to the extent permitted by law.

Insurance premiums

During the financial year, the Company paid a premium in respect of a contract to insure its Directors and executives against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Insurance premiums (continued)

During the financial year, the Company has not paid a premium in respect of a contract to insure the Auditor of the Company.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

Directors' interests

Equity holdings	Ordinary shares	Rights over ordinary shares
Maurie Stang	32,088,487	-
Steven Kritzler	21,919,452	-
	54,007,939	-

Particulars of options or rights granted over unissued shares

	2025	2024
Number of options or rights on issue over unissued ordinary shares	600,000	650,000
Shares issued in the period as the result of the exercise of options or rights	50,000	50,000
	650,000	700,000

Full details of options or rights on issue are shown in note 24 and 25.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of UHY Haines Norton

There are no Officers of the Company who are former audit partners of UHY Haines Norton.

Auditors

UHY Haines Norton continues in office in accordance with section 327 of the Corporations Act 2001.

Auditor's independence declaration

The Auditor's Declaration of Independence for the year ended 30 June 2025 is on page 19.

Corporate Governance

Aeris Environmental Ltd's Corporate Governance Statement and ASX Appendix 4G are released to ASX on the same day the Annual Report is released. The Company's Corporate Governance Statement, and its Corporate Governance Compliance Manual, can be found on the Company's website at: https://www.aeris.com.au/investors

Remuneration Report (audited)

Key Management Personnel (KMP)

The KMP of the Company comprise the Directors and Chief Executive Officer only, as follows:

Non-Executive Directors

The Directors of Aeris Environmental Ltd at the date of this report are:

Maurie Stang
Steven Kritzler
Abbie Widin
Jenny Harry

Executive

Andrew Just (Chief Executive Officer)

Principles used to determine the nature and amount of remuneration

Remuneration policies

Details of Aeris' remuneration policies and practices, together with details of Directors' and Executives' remuneration, are as follows:

a) Overview of remuneration structure

The objective of the Company's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. Processes have been established to ensure that the levels of compensation and remuneration are sufficient and reasonable, and explicitly linked to the achievement of personal and corporate objectives. The short and long-term incentive plans are specifically aligned to shareholder interests. Aeris' Remuneration and Nomination Committee advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for staff, including Directors, the Company Secretary and senior managers of the Company. The Committee has access to the advice of independent remuneration consultants to ensure the remuneration and incentive schemes are consistent with its philosophy as well as current market practices, however no external report was received in the financial year.

b) Non-Executive Directors

Total compensation for all Non-Executive Directors was approved at the Company's 2014 Annual General Meeting (AGM) at $300,000 per annum. A Resolution was approved at the AGM held on 27 January 2022 to increase the limit of Directors' Fees by $150,000. The increase provides some headroom in the future for an increase in the rate of Directors' fees and to enable Aeris to appoint additional Directors as the Company grows. It is noted that Directors' Fees were paid for the first time in the 2020-21 financial year for two Directors who have not been compensated with Directors' Fees since the 2002 IPO. Amounts paid to Directors were determined in earlier years in conjunction with advice from external advisors in reference to fees paid to Non-Executive Directors of comparable companies. No external report was received in the 2024 financial year. The base fee for the Chairman is $90,000 per annum and, for other Non-Executive Directors $60,000 per annum. Directors' Fees will cover all main Board activities and membership of Committees of the Board. This may be re-assessed if Directors sit on more than one Committee. From 1st January 2023, in addition to the Non-Executive Director fee, Jenny Harry was remunerated $12,000 for duties performed as Chair of the following Committees: Audit and Risk Committee, Corporate Governance Committee and Remuneration and Nomination Committee. Abbie Widin was remunerated $4,000 for duties performed as Chair of the Related Parties Committee. While it is recognised that various organisations recommend that Non-Executive Directors do not receive performance-related compensation, in the case of Aeris Environmental Ltd, because it is at a relatively early stage of commercialising its technologies, and wishes to minimise its cash outgoings, it has in the past, and plans in the future to, partially remunerate its Non-Executive Directors with options, as detailed in the Remuneration Report. There are no retirement benefits provided to Non-Executive Directors, apart from statutory superannuation.

c) Executives

The objective of Aeris' executive reward system is to ensure that remuneration for performance is competitive and appropriate for the results delivered. Executive pay structures include a base salary and superannuation. In addition, executives and senior managers can participate in the Employee Share Option Plan. In November 2024 the Remuneration Committee met and approved a remuneration review for Executive Andrew Just, his first remuneration review since joining the Company in 2022. Mr Just was given a salary increase from $275,000 per annum to $300,000 per annum, excluding superannuation. Mr Just also received an allocation of 250,000 Aeris Ordinary shares for nil consideration which were issued to him on 7 January 2025.

d) Short-term incentives (STI)

During the financial year ended 30 June 2025 no amounts were paid to KMPs as STIs. The STI arrangement is reviewed annually by the Board.

e) Long-term incentives (LTI)

The LTI provide an annual opportunity for selected executives to receive awards in cash and equity. The equity portion, being performance rights, vest over three years and is intended to align a significant portion of an executive's overall remuneration to shareholder value over a longer term. Equity grants are subject to performance conditions (revenue and / or earnings per share) and are tested against the performance hurdles set at the end of three financial years. If performance hurdles are not met at the vesting date, the rights and options lapse. In addition, performance rights and options will only vest if the executive KMP member remains in continuous employment with Aeris in their current or equivalent position from the date of grant to the respective vesting date of each grant.

During the financial year ended 30 June 2025 no amounts were paid as LTIs to KMPs.

f) Share-based compensation

In October 2014, the Board established an Employee Incentive Plan (EIP). The EIP was approved by shareholders at the Annual General Meeting (AGM) held on 27 November 2014 and was re-approved by shareholders at the AGM held on 29 November 2018 and 27 January 2022. The terms where options or shares issued under the EIP normally have the following conditions:

- Vesting
  33.3% vest on the first anniversary of grant of options or performance rights,
  33.3% vest on the second anniversary of grant of options or performance rights; and
  33.4% vest on the third anniversary of grant of options or performance rights.
- The contractual life of the options or performance rights issued ranges from three to five years.
- The exercise price determined in accordance with the Rules of the EIP is determined by the Board when the performance of staff and contractors is evaluated following a recommendation of the Remuneration and Nomination Committee, normally with external remuneration adviser assistance. The option exercise price will normally be based on the volume weighted average price (VWAP) of the Company's shares for the 20 trading days prior to the offer.
- Each option or performance right is convertible into one fully paid ordinary share.
- All options or performance rights expire on the earlier of their expiry date or 90 days after voluntary termination of the participant's employment, with a Board discretion in special circumstances.
- There are no voting or dividend rights attached to options or performance rights. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the ordinary shares, which will be issued when the options have been exercised or when the performance rights have been converted into fully paid ordinary shares.
- The options or performance rights issued are on an equity-settled basis. There are no cash settlement alternatives.

Equity holdings transactions

The movement during the reporting period in the number of ordinary shares in Aeris Environmental Ltd held directly, indirectly or beneficially by each specified Director and Executive, including their personally related entities, are as follows:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
2025 Ordinary shares					
Specified Directors					
Maurie Stang	32,088,487	-	-	-	32,088,487
Steven Kritzler	21,919,452	-	-	-	21,919,452
Abbie Widin	-	-	-	-	-
Jenny Harry	-	-	-	-	-
	54,007,939	-	-	-	54,007,939
Specified Executives					
Andrew Just	-	250,000	-	-	250,000
	-	250,000	-	-	250,000
	54,007,939	250,000	-	-	54,257,939

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
2024 Ordinary shares					
Specified Directors					
Maurie Stang	23,698,288	-	-	-	23,698,288
Steven Kritzler	11,252,785	-	-	-	11,252,785
Abbie Widin	-	-	-	-	-
Jenny Harry	-	-	-	-	-
	34,951,073	-	-	-	34,951,073
Specified Executives					
Andrew Just	-	-	-	-	-
	-	-	-	-	-
	34,951,073	-	-	-	34,951,073

	Balance at start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2025 Options and rights					
Specified Directors					
Maurie Stang	-	-	-	-	-
Steven Kritzler	-	-	-	-	-
Abbie Widin	-	-	-	-	-
Jenny Harry	-	-	-	-	-
	-	-	-	-	-
Specified Executives					
Andrew Just	-	-	-	-	-
	-	-	-	-	-

	Balance at start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
2024 Options and rights					
Specified Directors					
Maurie Stang	-	-	-	-	-
Steven Kritzler	-	-	-	-	-
Abbie Widin	-	-	-	-	-
Jenny Harry	-	-	-	-	-
	-	-	-	-	-
Specified Executives					
Andrew Just	-	-	-	-	-
	-	-	-	-	-

Transactions with Directors and Director related entities

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 as follows.

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding at 30 June 2025.

	2025 $	2024 $
Regional Corporate Services Pty Ltd		
The company and its controlled entities incur cost for services provided by Regional Corporate Services Pty Ltd	-	-
Office and administration expenses	147,631	118,911
Insurance expenses	27,104	2,464
Rent	25,770	24,898
Distribution expenses	125,121	81,032
Corporate services	374,261	330,840
The company and its controlled entities provided services and sold products to Regional Corporate Services Pty Ltd	64,056	14,486
Mr M Stang is a Director and Shareholder of Regional Corporate Services Pty Ltd		

	2025 $	2024 $
Novapharm Research (Australia) Pty Ltd		
The Company and its controlled entities incur expenses for services provided by Novapharm Research (Australia) Pty Ltd		
Research and development	205,613	102,734
Patent and other expenses	27,737	8,701
The Company and its controlled entities transacted with Novapharm Research (Australia) Pty Ltd and invoiced them for providing supply chain functions	31,348	21,448
Mr M Stang and S Kritzler are Directors and Shareholders of Novapharm Research (Australia) Pty Ltd		

	2025 $	2024 $
Ramlist Pty Ltd		
The Company and its controlled entities incur expenses for rent and utility outgoings to Ramlist Pty Ltd	-	14,923
Mr M Stang is a Director and Shareholder of Ramlist Pty Ltd		

	2025 $	2024 $
Teknik Lighting Solutions Pty Ltd		
The Company and its controlled entities incur expenses for marketing and other operational services to Teknik Lighting Solutions Pty Ltd	-	1,196
The Company and its controlled entities transacted with Teknik Lighting Solutions Pty Ltd and invoiced them for administrative charges	-	376
Mr M Stang is a Shareholder of Teknik Lighting Solutions Pty Ltd		

	2025 $	2024 $
Enviroguard Technologies Pty Ltd		
The Company and its controlled entities purchased products from Enviroguard Technologies Pty Ltd	85,034	110,971
Mr M Stang is a Director of Enviroguard Technologies Pty Ltd		
Mr S Kritzler has an indirect beneficial interest in EnviroGuard Technologies Pty Ltd through a trust		

	2025 $	2024 $
Loan balance outstanding at the end of the period		
Maurie Stang	2,028,922	168,625
Steve Kritzler	1,042,931	-

Mr M Stang is Non-Executive Director and Chairman of Aeris Environmental Ltd
Mr S Kritzler is Non-Executive Director of Aeris Environmental Ltd

	2025 $	2024 $
Outstanding balances payable from purchase of services		
Regional Corporate Services Pty Ltd	66,916	45,237
Novapharm Research (Australia) Pty Ltd	-	63,693
Enviroguard Technologies Pty Ltd	-	5,935

	2025 $	2024 $
Outstanding balances receivable for sales and services provided		
Regional Corporate Services Pty Ltd	57,736	-
Novapharm Research (Australia) Pty Ltd	2,681	-

Details of remuneration

Equity holdings transactions

The movement during the reporting period in the number of ordinary shares in Aeris Environmental Ltd held directly, indirectly or beneficially by each specified Director and Executive, including their personally-related entities, are as follows:

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Termination payments	Equity based benefits		
2025	**Salary and Director's fees $**	**STI Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**$**	**Shares $**	**Options and rights (Note (ii)) $**	**Total $**
Non-executive Directors:								
Maurie Stang	81,081	-	-	8,919	-	-	-	90,000
Steven Kritzler	53,812	-	-	6,188	-	-	-	60,000
Abbie Widin	57,399	-	-	6,601	-	-	-	64,000
Jenny Harry	64,574	-	-	7,426	-	-	-	72,000
Executives (Note i)								
Andrew Just	291,731	-	-	29,562	-	21,000	-	342,293
	548,597	-	-	58,696	-	21,000	-	628,293

	Short-term benefits			Post-employment benefits	Termination payments	Equity based benefits		
2024	**Salary and Director's fees $**	**STI Cash bonus $**	**Non-monetary benefits $**	**Super-annuation $**	**$**	**Shares $**	**Options and rights (Note (ii)) $**	**Total $**
Non-executive Directors:								
Maurie Stang	81,448	-	-	8,552	-	-	-	90,000
Steven Kritzler	54,054	-	-	5,946	-	-	-	60,000
Abbie Widin	57,658	-	-	6,342	-	-	-	64,000
Jenny Harry	64,865	-	-	7,135	-	-	-	72,000
Executives (Note i)								
Andrew Just	275,000	-	-	27,399	-	-	-	302,399
	533,025	-	-	55,374	-	-	-	588,399

i) "Executive Officers" are officers who are or were involved in, concerned in, or who take part in, the management of the affairs of Aeris and/or related bodies corporate.

ii) The fair value of the options is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant data to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account in both the current and prior periods. Comparative information was not restate as market conditions were already included in the valuation.

Executive employment

Chief Executive Officer (CEO):
The following sets out the key terms of employment for the CEO, Andrew Just

Term:	**Continuous employment until notice is given by either party**
Fixed remuneration:	$321,293 inclusive of superannuation This fixed remuneration is reviewed annually.
Notice period:	To terminate his employment, Mr Just is required to provide Aeris with 6 months written notice. Aeris must provide 6 months written notice.
Resignation or termination:	On resignation, unless the Board determines otherwise: All unvested short term or long-term benefits are forfeited. All vested but unexercised benefits are forfeited 90 days following cessation of employment.
Statutory entitlements:	Annual leave applies in all cases of separation. Long Service applies unless Mr Just's service is under 10 years and he is dismissed for misconduct.
Termination for serious misconduct:	Aeris may immediately terminate employment at any time in the case of serious misconduct and Mr Just will only be entitled to payment of fixed remuneration until the termination date. Such termination will result in all unvested benefits being forfeited. Treatment of any vested but unexercised benefits will be at the discretion of the Board.
Post-Termination Restraint of Trade:	For a period of 12 months or, if that period is unreasonable, 6 months after the termination of employment, Mr Just must not, in the area of New South Wales or, if that area is unreasonable, the half of New South Wales closest to the Company's place of business where the CEO last worked for the Company: (i) solicit, canvas, approach or accept any approach from any person who was at any time during his time with the Company a client of the Company in that part or parts of the business carried on by the Company in which he was employed with a view to obtaining the custom of that person in a business that is the same or similar to the business conducted by the Company; or (ii) interefere with the relationship between the Company and its customers, employees or suppliers; or (iii) induce or assist in the inducement of any employee of the Company to leave their employment.

There are no contracts to which a Director is a party under which a Director is entitled to benefit other than as disclosed above and note 31 to the financial statements.

Link between remuneration and performance

The table shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2025 $	**2024 $**	**2023 $**	**2022 $**	**2021 $**
Profit (Loss) for the year attributable to owners of Aeris Environmental Ltd	(3,869,302)	(2,972,950)	(3,653,743)	(7,130,427)	(5,867,178)
Basic earnings per share (cents)	(1.57)	(1.21)	(1.49)	(2.92)	(2.41)
Increase/(decrease) in share price (%)	(40.00)%	148.00%	(47.92)%	(68.00)%	(71.42)%
Total KMP incentives as percentage of profit/(loss) for the year (%)	(16.24)%	(19.79)%	(16.09)%	(10.47)%	(10.99)%

Share options and performance rights

There are no options and performance rights to take up ordinary shares in Aeris Environmental Ltd that were issued to KMP that remain unexercised at 30 June 2025 (2024: nil options and performance rights).

No options issued to KMP expired or were forfeited during the years 2025 and 2024.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate, or in the interest of any other registered scheme.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Maurie Stang Sydney

29 August 2025
Non-Executive Director and Chairman

UHY Haines Norton
Chartered Accountants
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Sydney NSW 2000

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Sydney NSW 2001

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E sydney@uhyhnsyd.com.au

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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 audit for the year ended 30 June 2025, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

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

UHY Haines Norton

Matthew Pope
Partner
Sydney
Dated 29 August 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.

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General information

The financial statements cover Aeris Environmental Ltd as a consolidated entity consisting of Aeris Environmental Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Aeris Environmental Ltd's functional and presentation currency.

Aeris Environmental Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 5 Level 1, 26-34 Dunning Avenue
ROSEBERY
NSW 2018

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2025. The Directors have the power to amend and reissue the financial statements.

Aeris Environmental Ltd
Statement of profit and loss and other comprehensive income
For the year ended 30 June 2025

	Notes	Consolidated 2025 $	Consolidated 2024 $
Revenue	5	3,260,541	3,166,066
Expenses			
Research and development and patent expense	6	(499,356)	(339,091)
Employee benefits expense	6	(1,824,883)	(1,791,490)
Depreciation and amortisation expense	6	(81,470)	(76,845)
Impairment of assets	6	5,096	(351,489)
Finance costs	6	(299,262)	(50,085)
Cost of sales		(1,591,711)	(1,361,595)
Distribution		(572,103)	(517,733)
Sales, Marketing and Travel expenses		(304,465)	(247,487)
Occupancy	6	(164,274)	(214,630)
Administration	6	(2,511,907)	(1,320,478)
Loss before income tax benefit		(4,583,794)	(3,104,857)
Income tax benefit	7	461,536	131,907
Loss after income tax benefit for the year attributable to the owners of Aeris Environmental Ltd	21	(4,122,258)	(2,972,950)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		11,767	(7,502)
Non-controlling interests		252,953	-
Other comprehensive income for the year, net of tax		264,720	(7,502)
Total comprehensive loss for the year attributable to the owners of Aeris Environmental Ltd		(3,857,538)	(2,980,452)
		Cents	**Cents**
Basic earnings per share	23	(1.57)	(1.21)
Diluted earnings per share	23	(1.57)	(1.21)

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

Aeris Environmental Ltd
Statement of financial position
As at 30 June 2025

	Notes	Consolidated 2025 $	2024 $
Assets			
Current assets			
Cash and cash equivalents	8	882,993	989,791
Trade receivables	9	1,141,977	649,578
Inventories	10	770,475	772,761
Other current assets	11	377,880	243,892
Total current assets		3,173,325	2,656,022
Non-current assets			
Plant and equipment	12	35,262	58,154
Right-of-use assets	13	123,234	71,691
Intangible assets		4,266	-
Total non-current assets		162,762	129,845
Total assets		3,336,087	2,785,867
Liabilities			
Current liabilities			
Trade and other payables	14	1,769,616	1,728,641
Lease liabilities	15	57,515	58,277
Provisions	16	223,716	167,822
Total current liabilities		2,050,847	1,954,740
Non-current liabilities			
Borrowings	17	5,333,375	837,249
Lease liabilities	18	67,982	21,383
Total non-current liabilities		5,401,357	858,632
Total liabilities		7,452,204	2,813,372
Net liabilities		(4,116,117)	(27,505)
Equity			
Issued capital	19	62,520,806	62,520,726
Reserves	20	1,911,700	1,878,133
Accumulated losses	21	(68,295,670)	(64,426,364)
Equity attributable to owners of Aeris Environmental Ltd		(3,863,164)	(27,505)
Non-controlling interest		(252,953)	-
Total equity		(4,116,117)	(27,505)

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

Aeris Environmental Ltd
Statement of changes in equity
For the year ended 30 June 2025

Consolidated	**Issued capital $**	**Other Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2023	62,520,726	1,883,769	(61,453,414)	2,951,081
Loss after income tax benefit for the year	-	-	(2,972,950)	(2,972,950)
Other comprehensive income for the year, net of tax	-	(7,502)	-	(7,502)
Total comprehensive income/(loss) for the year	-	(7,502)	(2,972,950)	(2,980,452)
Transactions with owners in their capacity as owners:				
Share-based payments (note 20 and 25)	-	1,866	-	1,866
Balance at 30 June 2024	62,520,726	1,878,133	(64,426,364)	(27,505)

Consolidated	**Issued capital $**	**Other Reserves $**	**Accumulated losses $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 July 2024	62,520,726	1,878,133	(64,426,364)	-	(27,505)
Loss after income tax benefit for the year	-	-	(3,869,306)	(252,953)	(4,122,259)
Other comprehensive income for the year, net of tax	-	11,767	-	-	11,767
Total comprehensive income/(loss) for the year	-	11,767	(3,869,306)	(252,953)	(4,110,492)
Shares issued	80	-	-	-	80
Transactions with owners in their capacity as owners:					
Share-based payments (note 20 and 25)	-	21,800	-	-	21,800
Balance at 30 June 2025	62,520,806	1,911,700	(68,295,670)	(252,953)	(4,116,117)

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

Aeris Environmental Ltd
Statement of cash flows
For the year ended 30 June 2025

	Notes	Consolidated 2025 $	Consolidated 2024 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,123,851	3,279,229
Payments to suppliers and employees (inclusive of GST)		(7,613,388)	(5,263,233)
R&D tax offset received		200,822	-
		(4,288,715)	(1,984,004)
Interest received		24,041	22,988
Interest and other finance costs paid		(14,652)	(24,337)
Net cash used in operating activities	35	(4,279,326)	(1,985,353)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(10,272)	(51,176)
Net cash used in investing activities		(10,272)	(51,176)
Cash flows from financing activities			
Repayment of lease liabilities		(68,343)	(66,174)
Loans from Directors and a Shareholder		4,239,376	500,000
Net cash from financing activities		4,171,033	433,826
Net decrease in cash and cash equivalents		(118,565)	(1,602,703)
Cash and cash equivalents at the beginning of the financial year		989,791	2,599,996
Effects of exchange rate changes on cash and cash equivalents		11,767	(7,502)
Cash and cash equivalents at the end of the financial year	8	882,993	989,791

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

Note 1. Material accounting policies

Corporate information

The financial report of Aeris Environmental Ltd (the Group) for the year ended 30 June 2025 was authorised for issue in accordance with a resolution of the Directors on 29 August 2025.

Aeris Environmental Ltd (the parent) is a company limited by shares incorporated in Australia whose shares are publicly listed on the Australian Stock Exchange (ASX code: AEI).

The nature of operations and principal activities of the Group are described in the Directors' Report.

New or amended Accounting Standards and Interpretations adopted

No new or amended Accounting Standards were applicable to the Group for the current financial year.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods which the Group has decided not to early adopt. These standards are not expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions, however management will continue to assess closer to the application dates.

Statement of compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Going concern

The Group made a loss before income tax for the financial year ended 30 June 2025 of $4,583,794 (2024 loss before income tax of $3,104,857). The Group's cash outflow for the financial year ended 30 June 2025 was $118,565 (2024 cash outflow of 1,602,703). The Group held cash as at 30 June 2025 of $882,993 compared to $989,791 as at 30 June 2024.

The above matters may give rise to a material uncertainty that may cast material doubt over the Group's ability to continue as a going concern. Therefore the Group 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 that the Group will be able to continue as a going concern due to the following mitigating factors in relation to the material uncertainty.

The Directors have prepared detailed cash flow projections for the period of 12 months from the date of signing this Report. The sales outlook for the Company is markedly improved from previous year, with a conservative sales budget still yielding material growth. Several new products are slated to be introduced. However, the Group is dependent on capital raisings to continue to operate. The Group has investigated the funding options including a capital raise in 2026. Further, in the event of the Group not raising sufficient funds to meet its current cash flow forecasts, the Group will need to further reduce its expenditure accordingly to be able to pay its debts as and when they are due.

Consequently, the Group's financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and satisfaction of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities should the Group be unable to continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 32.

Note 1. Material accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Aeris Environmental Ltd ('company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Aeris Environmental Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Subsidiaries are accounted for at cost in the separate financial statements of Aeris Environmental Ltd less any impairment charges.

Material accounting policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events are reported.

The following material accounting policies have been adopted in the preparation and presentation of the financial report and have been consistently applied unless otherwise stated.

Foreign currency translation

The functional and presentation currency of Aeris Environmental Ltd and its Australian subsidiaries is Australian dollars (A$). Overseas subsidiaries use the currency of the primary economic environment in which the entity operates, which is translated to the presentation currency upon consolidation.

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in statement of profit or loss and other comprehensive income in the period in which they arise.

Group companies

The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange difference arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in the foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income as part of the gain or loss on sale where applicable.

Revenue recognition

The consolidated entity recognises revenue as follows:

Note 1. Material accounting policies (continued)

Sale of goods and disposal of assets

The group manufactures and sells a range of products that enhances the performance, longevity, cost-effectiveness, and energy efficiency of systems which contributes to the creation of a more sustainable built environment via the wholesaler market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from services

Revenue from consultancy and engineering services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
Government grants related to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Interest income

Interest income is recognised as it is accrued using the effective interest rate method.

Other income

Other income is recognised as it is earned.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The company and all its wholly-owned Australian resident entities have entered into a tax consolidated group under Australian taxation law.

The company is the head entity in the tax-consolidated group comprising all the Australian wholly-owned subsidiaries set out in note 33. The head entity recognises all of the current and deferred tax assets and liabilities of the tax consolidated group (after elimination of intragroup transactions).

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Material accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, investments in money market instruments and short-term deposits with a maturity of three months or less, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventories and raw materials are carried at the lower of cost and net realisable value. Costs are assigned on first in first out basis.

Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or materially reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement.

Interest

Interest is classified as an expense consistent with the balance sheet classification of the related debt or equity instruments.

Depreciation

All assets have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives, taking into account residual values. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. Depreciation and amortisation are expensed.

Depreciation and amortisation are calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life.

The following estimated useful lives are used in the calculation of depreciation.

Computer equipment	2-3 years
Computer software	4 years
Field equipment	2-3 years
Office furniture	5 years
Plant and equipment	2-3 years
Leasehold improvements	6 years
Field equipment under finance lease	2-3 years

Note 1. Material accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Research and development

Research and development costs are expensed in the period in which they are incurred.

Development costs are capitalised as an intangible asset, only if the following criteria are met:

- when it is probable that the project will be a success considering its commercial and technical feasibility;
- the consolidated entity is able to use or sell the asset;
- the consolidated entity has sufficient resources; and
- intent to complete the development and its costs can be measured reliably.

Development expenditure that do not meet the criteria above are recognised as an expense as incurred.

Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk.

These financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Lease liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument and subsequently carried at amortised cost using the effective interest method.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Trade and other payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payable are normally settled within 30 days.

Note 1. Material accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Borrowings and convertible notes

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Convertible notes are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method if the impact is material to the financial report.

Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payment

Share-based compensation benefits are provided to employees via the Aeris Environmental Ltd Employee Option Plan. Information relating to these schemes is set out in note 25.

The fair value of options granted under the Employee Option Plan is recognised as an employee benefit expenses with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

Note 1. Material accounting policies (continued)

Share-based payment (continued)

The fair value at grant date is independently determined using a Black-Scholes option pricing model. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is material to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be material. External valuers are selected based on market knowledge and reputation. Where there is a material change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Recoverable amount of non-current assets

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets. In assessing recoverable amounts of non-current assets, the relevant cash flows have been discounted to their present value.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments. Any transaction costs associated with the issuing of shares are deducted from share capital.

The Group is not subject to any externally imposed capital requirements.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Comparative amounts

Where necessary, comparative amounts have been changed to reflect changes in disclosures in the current year.

Note 1. Material accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Aeris Environmental Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which material judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

The following critical estimates and judgements have been made in respect of the following items:

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black- Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on in-depth evaluation of customers expected to incur future credit losses. The actual credit losses in future years may be higher or lower.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change materially as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity’s functional currency. The Group is exposed to foreign exchange risk predominantly arising from currency exposures to the US dollar on its loans to its overseas subsidiaries. Currency protection measures may be deemed appropriate in specific commercial circumstances and are subject to strict limits laid down by the Board. The Group has not entered into any foreign currency hedging contracts during the year.

Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. There is negligible credit risk on financial assets of the Group since there is limited exposure to individual customers and the economic entity’s exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the balance sheet.

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets or liabilities, the Group’s income and operating cash flows are not materially exposed to changes in market interest rates.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to enable the company to operate as a going concern. The Board monitors liquidity on a monthly basis and management monitors liquidity on a daily basis.

Note 4. Operating segments

Identification of reportable operating segments

From Board of Directors' (Chief Operating Decision Makers' - CODM) perspective, the Group is organised into business units based on its geographical area of operation. The Group has identified two reportable segments as mentioned below.

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.

Note 4. Operating segments (continued)

Identification of reportable operating segments (continued)

The CODM reviews revenue, COGS, operating expenses, profit before tax, assets & liabilities for the following segments:

(a) Australia - Sales and service on account of Australian operations
(b) International - Sales and service 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.

Major customer

During the year ended 30 June 2025 the most significant client accounts for approximately 6% (2024: 7%) of the consolidated entity's external revenue through Australian Sales and Services operating segment. There are no customers who individually amounted to more than 10% or more of the total revenue during 2025, and no other customers above 10% for 2024.

Operating segment information of the consolidated entity

	Australia $	International $	Intersegment eliminations $	Consolidated $
2025				
Revenue				
Sales	3,133,007	81,784	(184,494)	3,030,297
Other income	226,794	146,696	(143,246)	230,244
Total Revenue	3,359,801	228,480	(327,740)	3,260,541
Expenses				
Cost of goods sold	(1,576,096)	(200,109)	184,494	(1,591,711)
Operating expenses	(6,122,396)	(590,605)	460,379	(6,252,622)
Total Expenses	(7,698,492)	(790,714)	644,873	(7,844,333)
Profit (Loss) before tax	(4,338,691)	(562,234)	317,133	(4,583,792)

	Australia $	International $	Intersegment eliminations $	Consolidated $
2024				
Revenue				
Sales	2,927,605	187,605	(68,968)	3,046,242
Other income	119,224	91,992	(91,392)	119,824
Total Revenue	3,046,829	279,597	(160,360)	3,166,066
Expenses				
Cost of goods sold	(1,289,654)	(140,909)	68,968	(1,361,595)
Operating expenses	(4,891,440)	(544,618)	526,730	(4,909,328)
Total Expenses	(6,181,094)	(685,527)	595,698	(6,270,923)
Profit (Loss) before tax	(3,134,265)	(405,930)	435,338	(3,104,857)

Note 4. Operating segments (continued)

Segment assets and liabilities

	Assets 2025	Assets 2024	Liabilities 2025	Liabilities 2024
Australia	5,608,278	3,778,880	11,221,743	5,537,241
International	1,075,132	1,193,619	5,935,533	5,422,509
Intersegment elimination	(3,347,322)	(2,224,866)	(9,705,075)	(8,184,612)
Consolidated	3,336,088	2,747,633	7,452,201	2,775,138

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time for the following major geographical segments:

	Australia 2025	Australia 2024	International 2025	International 2024
Segment revenue	3,133,007	2,927,605	81,784	187,605
Intersegment elimination	(184,494)	(68,968)	-	-
Revenue from external customers	2,948,513	2,858,637	81,784	187,605
Timing of revenue recognition				
At a point in time	1,736,072	1,481,484	81,784	187,605
Over time	1,212,441	1,377,153	-	-
	2,948,513	2,858,637	81,784	187,605

Note 5. Revenue

	Consolidated 2025 $	Consolidated 2024 $
Revenue from contracts with customers		
Revenue from sales	1,817,856	1,669,089
Revenue from services	1,212,441	1,377,153
	3,030,297	3,046,242
Other revenue		
Financial revenue	24,075	20,093
Other revenue	206,169	99,731
	230,244	119,824
Revenue	3,260,541	3,166,066

Note 6. Expenses

	Consolidated 2025 $	Consolidated 2024 $
Profit (loss) before income tax includes the following specific expenses:		
Depreciation and Amortisation		
Plant and equipment	27,832	44,308
Right-of-use assets	52,571	32,537
Intangibles	1,067	-
Total depreciation and amortisation	81,470	76,845
Employment benefit expenses		
Base salary and fees	1,568,598	1,535,437
Superannuation & statutory costs	205,578	221,425
Share based payment	21,800	1,866
Other employment expenses	28,907	32,762
Total employment benefits expenses	1,824,883	1,791,490
Finance costs		
Interest, bank fees and other financial expenses	299,262	50,085
Administration		
Compliance cost	943,275	811,987
Corporate and Overheads	1,382,649	322,249
Insurance	111,178	134,322
IT and Maintenance	74,805	51,920
Total administration	2,511,907	1,320,478
Other expenses		
Impairment of receivables	4,174	92,489
Impairment of inventory	(5,096)	259,000
Rental & occupancy expenses	164,274	214,631
Research and development and patent expenses	499,355	339,091

Note 7. Income tax benefit

The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

	Consolidated	
	2025	**2024**
	$	**$**
Income tax benefit		
Current tax	(461,536)	(131,907)
Aggregate income tax benefit	(461,536)	(131,907)

Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit (Loss) for year	(4,583,794)	(3,104,857)
Income tax expense (benefit) at the Australian tax rate of 25%	(1,145,949)	(776,214)
Impact of overseas tax rates	(16,992)	(19,016)
R&D tax offset receivable - Current year	(560,341)	(165,000)
R&D tax offset receivable - Prior year adjustment	98,807	29,178
Temporary differences and tax losses not recognised	835,364	704,684
Other permanent differences		
Share-based payments	5,450	467
R&D Expenditure	322,035	93,994
Entertainment	90	-
Income tax expense (benefit) attributable to profit (loss)	(461,536)	(131,907)

The enacted corporate tax rates across all jurisdictions are as follows:

- Australia 25%
- UK 25%
- USA (Including state taxes) 29.99%
- China 25%

Deferred tax balances not recognised

Calculated at current tax rates and not brought to account assets or liabilities: which may be realised in future years:

Tax rate has been used for the calculation given the majority of the operations are in Australia. The tax rates that applied to the UK, China and Australian entities were 25% and the US entity was 29.99%.

Note 7. Income tax benefit (continued)

Deferred tax balances not recognised (continued)

	Consolidated 2025 $	Consolidated 2024 $
Deferred tax assets		
Tax losses		
Australian Tax Revenue Losses	**39,905,581**	**36,440,622**
Unused Australian tax losses for which no deferred tax asset has been recognised potential tax benefit @ 25%	9,976,395	9,110,155
US Tax Revenue Losses	**5,386,031**	**4,893,734**
Unused US tax losses for which no deferred tax asset has been recognised potential tax benefit @ 29.99%	1,615,271	1,467,631
UK Tax Revenue Losses	**176,112**	**133,739**
Unused UK tax losses for which no deferred tax asset has been recognised potential tax benefit @ 25%	44,028	33,435
China Tax Revenue Losses	**75,901**	47,406
Unused China tax losses for which no deferred tax asset has been recognised potential tax benefit @ 25%	18,975	11,851
Unused tax losses available for offset against future tax payable	11,654,669	10,623,072
Temporary differences		
Space		
Provision for doubtful debts	81,158	81,158
Provision for inventory impairment	605,860	631,673
Provision for employee entitlements	55,929	41,955
Difference between book and tax values of fixed assets	4,023	15,588
Difference between book and tax values of intangible assets	25,215	-
Accruals	189,020	129,307
Other (Blackhole Expenditure)	593	-
Future lease obligations	31,374	19,915
	993,172	919,596
Total deferred tax assets	12,647,841	11,542,668
Deferred tax liabilities		
Right of use asset	(30,809)	(17,923)
Total deferred tax liabilities	(30,809)	(17,923)
Net deferred tax asset not recognised	12,617,032	11,524,745

Tax consolidation

(i) Relevance of tax consolidation to the consolidated entity

Legislation to allow groups comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes ('the tax consolidation system') was substantively enacted on 21 October 2002. The Company, its wholly-owned Australian resident entities and its sister entities within Australia are eligible to consolidate for tax purposes under this legislation and have elected to implement the tax consolidation system from 1 July 2005.

(ii) Method of measurement of tax amounts

The tax consolidated group has adopted the "stand-alone" method of measuring current and deferred tax amounts applicable to each company.

(iii) Tax sharing agreements

There are no tax sharing or funding agreements in place.

Note 7. Income tax benefit (continued)

Tax consolidation (continued)

(iv) Tax consolidation contributions

There were no amounts recognised for the period as tax consolidations contributions by (or distributions to) equity participants of the tax consolidated group.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2025 $	Consolidated 2024 $
Cash at bank and on hand	882,993	837,780
Deposits on call	-	152,011
	882,993	989,791

The carrying amount of the Group's cash balances are a reasonable approximation of their fair values.

Note 9. Current assets - trade and other receivables

	Consolidated 2025 $	Consolidated 2024 $
Trade receivables	840,842	609,208
Less: Allowance for expected credit losses	(324,630)	(324,630)
	516,212	284,578
R&D tax offset rebate receivable	625,765	365,000
	1,141,977	649,578

The carrying amounts of the Group's receivables are a reasonable approximation of their fair values.

Allowance for expected credit losses

For the 2025 and 2024 financial years, the Group has undertaken an in-depth evaluation of each individual customer which the entity considers to have a risk of incurring credit losses.

Based on the evaluation and considering average industry credit terms of 60 days, loss allowance provision was calculated and grouped as follows:

Consolidated	Expected credit loss rate 2025 %	Expected credit loss rate 2024 %	Carrying amount 2025 $	Carrying amount 2024 $	Allowance for expected credit losses 2025 $	Allowance for expected credit losses 2024 $
Current < 60 days	-	-	458,576	225,244	-	-
Past due > 60 days	-	-	30,552	32,220	-	-
Past due > 90 days	92.30%	92.29%	351,714	351,744	324,630	324,630
			840,842	609,208	324,630	324,630

	Consolidated 2025 $	Consolidated 2024 $
Less than 6 months overdue	-	-
More than 6 months overdue	324,630	324,630
Amounts recognised in profit or loss		
During the year, the following losses were recognised in profit or loss in relation to impaired receivables		
Individually impaired receivables	(4,174)	(92,489)

Note 9. Current assets - trade and other receivables (continued)

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2025 $	Consolidated 2024 $
Opening balance	324,630	324,630
Additional provision recognised	-	-
Closing balance	324,630	324,630

Note 10. Current assets - Inventories

	Consolidated 2025 $	Consolidated 2024 $
Inventories - at cost	3,176,114	3,270,677
Less: Provision for impairment	(2,405,639)	(2,497,916)
	770,475	772,761

The carrying amounts of the Group's inventories are a reasonable approximation of their fair values.

Note 11. Current assets - other

	Consolidated 2025 $	Consolidated 2024 $
Prepayments	183,219	180,750
Deposits, bonds and other receivables	13,210	9,310
GST receivables	181,451	53,832
	377,880	243,892

The carrying amount of the Group's other current assets are a reasonable approximation of their fair values.

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2025 $	Consolidated 2024 $
Leasehold improvements - at cost	138,093	138,093
Less: Accumulated depreciation	(134,088)	(132,775)
	4,005	5,318
Plant and equipment under lease	209,696	209,696
Less: Accumulated depreciation	(202,659)	(193,770)
	7,037	15,926
Computer equipment - at cost	325,105	322,970
Less: Accumulated depreciation	(321,013)	(315,645)
	4,092	7,325
Office equipment - at cost	142,636	139,709
Less: Accumulated depreciation	(137,020)	(134,901)
	5,616	4,808
Field equipment - at cost	51,647	51,647
Less: Accumulated depreciation	(51,647)	(51,647)
	-	-
R & D equipment - at cost	54,974	54,974
Less: Accumulated depreciation	(54,974)	(52,134)
	-	2,840
Software - at cost	32,516	32,516
Less: Accumulated depreciation	(18,004)	(10,579)
	14,512	21,937
	35,262	58,154

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Computer equipment $	Leasehold improvements $	Office furniture $	Plant and equipment $	R&D equipment $	Software $	Total $
Balance at 1 July 2023	7,700	6,632	6,827	4,595	10,622	55,930	92,306
Exchange differences	(289)	-	-	-	-	-	(289)
Additions	7,023	-	-	22,222	-	16,761	46,006
Disposals	(1,389)	-	-	-	-	(34,172)	(35,561)
Depreciation charge	(5,720)	(1,314)	(2,019)	(10,891)	(7,782)	(16,582)	(44,308)
Balance at 30 June 2024	7,325	5,318	4,808	15,926	2,840	21,937	58,154
Additions	2,012	-	2,927	-	-	-	4,939
Depreciation charge	(5,245)	(1,313)	(2,119)	(8,889)	(2,840)	(7,425)	(27,831)
Balance at 30 June 2025	4,092	4,005	5,616	7,037	-	14,512	35,262

Note 13. Non-current assets - right-of-use assets

	Consolidated 2025 $	2024 $
Land and buildings - right-of-use	261,827	157,713
Less: Accumulated depreciation	(138,593)	(86,022)
	123,234	71,691

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Right-of-use asset $	Total $
Balance at 1 July 2023	106,970	106,970
Disposals	(2,742)	(2,742)
Depreciation expense	(32,537)	(32,537)
Balance at 30 June 2024	71,691	71,691
Additions	104,114	104,114
Depreciation expense	(52,571)	(52,571)
Balance at 30 June 2025	123,234	123,234

Refer to note 18 for further information on lease liabilities.

Note 14. Current liabilities - trade and other payables

	Consolidated 2025 $	2024 $
Trade payables	936,865	763,204
GST and PAYG payable	71,409	71,394
Accrued expenses	761,342	894,043
	1,769,616	1,728,641

Refer to note for further information on financial instruments.

The carrying amounts of the Group's current trade and other payables are a reasonable approximation of their fair values.

Note 15. Current liabilities - lease liabilities

	Consolidated 2025 $	2024 $
Lease liabilities	57,515	58,277

Refer to note 18 for further information on non-current lease liabilities and note for further information on financial instruments.

Note 16. Current liabilities - provisions

	Consolidated 2025 $	Consolidated 2024 $
Annual leave	172,694	151,920
Long service leave	51,022	15,902
	223,716	167,822

The carrying amounts of the Group's provisions are a reasonable approximation of their fair values.

Note 17. Non-current liabilities - borrowings

	Consolidated 2025 Non-current $	Consolidated 2025 Total $	Consolidated 2024 Non-current $	Consolidated 2024 Total $
Loan from Joint Venture partner**	408,000	408,000	-	-
Loans from Directors and a Shareholder*	4,925,375	4,925,375	837,249	837,249
Total borrowings	5,333,375	5,333,375	837,249	837,249

*In June 2025, three additional new loan facilities for a total of $2,500,000 were entered into with two of the Non-Executive Directors (Maurie Stang – $1,000,000 and Steven Kritzler – $500,000) and one of Aeris' shareholders (Bernard Stang – $1,000,000). An amount of $500,000 from Non-Executive Director Steven Kritzler's loan facility, established in June 2024, has been rolled over, making the total of his current undrawn loan facility as $1,000,000. Each loan is an unsecured facility that attracts 10% per annum interest being capitalised and can be repaid without penalty if Aeris secures alternative funding. For each loan facility of $250,000 issued, the subscriber will receive 250,000 options on a 1:1 ratio with an exercise price of $0.20 for a total of 1,000,000 options. The issue and exercise of the options will comply with ASX Listing Rules. The loan maturity date is 27 June 2027 and the first drawdown of $500,000 was made in June 2025. The three loans established in June 2024 of $1,500,000 have had their maturity date extended by 12 months from 28 June 2026 to 27 June 2027 without penalty. The loan balances, inclusive of capitalised interests, as at 30 June 2025 are $2,028,922 for Non-Executive Director Maurie Stang, $1,853,522 for Aeris' shareholder Bernard Stang and $1,042,931 for Non-Executive Director Steven Kritzler. As at 30 June 2025 $2,500,000 of the loan facilities is left undrawn.

**Loan with Cognian Technologies Ltd is subject to the JV Deed Agreement dated 20 September 2024. The loan is interest free and has a maturity date of 30 June 2027.

Note 18. Non-current liabilities - lease liabilities

	Consolidated 2025 $	Consolidated 2024 $
Lease liabilities	67,982	21,383

Refer to note for further information on financial instruments.

Particulars relating to lease liabilities

The Group has recognised 'Right-of-Use Asset' and an associated 'Lease Liability' in the 2023 financial year for the office space leased in Townsville and Sydney following AASB 16 for accounting of leases. In May 2025, a renewal of the sub-lease was signed for the office space in Townsville. Following this decision, the 'Right-of-Use Asset' is disclosed in note 13 and the current lease liability is disclosed in note 15.

	2025 $	2024 $
The financial statements show the following amounts relating to leases:		
Depreciation	52,571	32,537
Interest expense (included in finance cost)	3,853	4,271
Value of Right-of-Use asset	123,234	71,691
Expense relating to short-term leases (included in occupancy expenses)	-	-
Total cash flows for leases	68,343	66,174

Note 19. Equity - issued capital

	Consolidated			
	2025 Shares	2024 Shares	2025 $	2024 $
Ordinary shares - fully paid	245,994,551	245,694,551	62,520,806	62,520,726

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movements in ordinary share capital of Aeris Environmental Ltd

Details	Date	Shares	Issue price	$
Balance - no par value	1 July 2023	245,644,551		62,520,726
Shares issued on conversion of performance rights*		50,000		-
Balance - no par value	30 June 2024	245,694,551		62,520,726
Shares issued to KMP**		250,000		-
Shares issued to Non-Controlling Interest		-		80
Shares issued on conversion of performance rights*		50,000		-
Balance - no par value	30 June 2025	245,994,551		62,520,806

*The performance rights were issued to incentivise the contractor for R&D work carried out for the Company. In accordance with the Employee Incentive Plan (EIP) Rules, 33% (being one third) of the performance rights vested on 10 October 2023 and exercised on 24 January 2024. The second 33% (being one third) of the performance rights vested on 10 October 2024 and exercised on 7 January 2025. The final 34% (being the last one third) will vest on 10 October 2025.

**In January 2025, KMP Andrew Just was allocated 250,000 Aeris Ordinary Shares for nil consideration.

For the purposes of these disclosures, the Group considers its capital to comprise its ordinary share capital and accumulated losses. Neither the share based payments reserve nor the translation reserve is considered as capital.

Share buy-back

There is no current on-market share buy-back.

Note 20. Equity - reserves

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Consolidated	
	2025 $	2024 $
Movements:		
Share-based payments reserve	1,989,311	1,967,511
Foreign currency translation reserve	(77,611)	(89,378)
	1,911,700	1,878,133

Consolidated	Share-based payments $	Foreign currency translation $	Total $
Balance at 1 July 2023	1,965,645	(81,876)	1,883,769
Foreign currency translation	-	(7,502)	(7,502)
Share based payments during the year allocated to:			
Employees and consultants	1,866	-	1,866
Key Management Personnel	-	-	-
Utilized for share issue	-	-	-

Note 20. Equity - reserves (continued)

Balance at 30 June 2024	1,967,511	(89,378)	1,878,133
Foreign currency translation	-	11,767	11,767
Share based payments during the year allocated to:			
Employees and consultants	21,800	-	21,800
Balance at 30 June 2025	1,989,311	(77,611)	1,911,700

Nature and purpose of reserve

The foreign currency translation reserve records the impact of the movement of the exchange rate as it relates to the Company's investment in overseas subsidiaries.

The share-based payments reserve records the value of options or performance rights issued to employees, consultants and Directors, as part of the remuneration for their services and issued in consideration for business combinations.

Note 21. Equity - accumulated losses

	Consolidated 2025 $	Consolidated 2024 $
Accumulated losses at the beginning of the financial year	(64,426,364)	(61,453,414)
Loss after income tax benefit for the year	(4,122,259)	(2,972,950)
Non-controlling interest	252,953	-
Accumulated losses at the end of the financial year	(68,295,670)	(64,426,364)

Note 22. Equity - dividends

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

Note 23. Earnings per share

	Consolidated 2025 $	Consolidated 2024 $
Loss after income tax attributable to the owners of Aeris Environmental Ltd	(4,122,258)	(2,972,950)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	245,838,386	245,666,195
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS*	245,838,386	245,666,195
	Cents	**Cents**
Basic loss per share (cents)	(1.57)	(1.21)
Diluted loss per share (cents)	(1.57)	(1.21)

Options and performance rights eligible for conversion into ordinary shares in future

	Number	Number
Performance rights over ordinary shares to Consultants	50,000	100,000
Options over ordinary shares to Consultants	550,000	550,000
	600,000	650,000

Note 23. Earnings per share (continued)

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

There were no options over ordinary shares issued subsequent to year-end 2025.

Note 24. Options and performance rights

On 15 July 2022, 550,000 options with an exercise price of $0.01 were issued to consultant Tim Fortin for services performed from June 2021 to June 2022. The options have been exercised and the shares will be issued on 22 August 2025.

**On 21 December 2022, 150,000 performance rights with a nil exercise price were issued to consultant Bruce Davison as partial payment for R&D services provided. 33% of the performance rights vested on 10 October 2023 and exercised on 24 January 2024. The second 33% of the performance rights vested on 10 October 2024 and exercised on 7 January 2025. The final 34% will vest on 10 October 2025. The performance rights shall expire, if not converted, at 5:00pm AEST on 20 December 2026.

Note 25. Share-based payments

Recognised share-based payment expenses

The expense recognised for employee services and external consultants during the year is shown in the table below:

	Consolidated	
	2025	2024
Employee Share Option Plan		
Employees and consultant	21,800	1,866
Total arising from share-based payment transactions	21,800	1,866

Details of share-based payment plan

The share-based payment plan is described in the remuneration report in the Directors' Report. There have been no cancellations or modifications to the plan during 2025 and 2024.

Fair value of options or performance rights granted

The fair value of the options granted under the plan is estimated using the Black-Scholes valuation methodology taking into account the terms and conditions under which the options are granted. The fair value of performance rights granted is based on the market price of shares at the date of issue.

Note 25. Share-based payments (continued)

Particulars of options or performance rights granted over unissued shares:

	Options		Rights	
	2025	**2024**	**2025**	**2024**
Options or rights on issue:				
Employees and consultants*	550,000	550,000	50,000	150,000
Key management personnel	-	-	-	-
	550,000	550,000	50,000	150,000
Options or rights granted during the year:				
Employees and consultants	-	-	-	-
Key management personnel	-	-	-	-
	-	-	-	-
Shares issued as a result of exercise of options or rights:				
Employees and consultants**	-	-	50,000	50,000
Options or rights expired or forfeited:				
	-	-	-	-
Weighted average remaining contractual life	0.04 years	1.04 years	1.47 years	2.47 years
Weighted average range of exercise prices	$0.01	$0.01	-	-

*On 15 July 2022, 550,000 options with an exercise price of $0.01 were issued to consultant Tim Fortin for services performed from June 2021 to June 2022. The options have been exercised and the shares will be issued on 22 August 2025.

**On 21 December 2022, 150,000 performance rights with a nil exercise price were issued to consultant Bruce Davison as partial payment for R&D services provided. 33% of the performance rights vested on 10 October 2023 and exercised on 24 January 2024. The second 33% of the performance rights vested on 10 October 2024 and exercised on 7 January 2025. The final 34% will vest on 10 October 2025. The performance rights shall expire, if not converted, at 5:00pm AEST on 20 December 2026.

Note 26. Financial instruments

Financial risk management objectives

Capital

The Group considers its capital to comprise its ordinary share capital and accumulated losses.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risks arise, are as follows:

- Cash at bank;
- Trade and other receivables;
- Deposits and bonds; and
- Trade and other payables

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Note 26.Financial instruments (continued)

Financial risk management objectives (continued)

General objectives, policies and processes (continued)

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk
Credit risk arises principally from the Group's trade receivables, cash and term deposits. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The maximum exposure to credit risk at balance sheet date is as follows:

	Consolidated	
	2025	**2024**
	$	**$**
Trade receivables	516,211	284,578
R&D tax offset rebate receivable	625,765	365,000
Deposits, bonds and other receivables	13,210	24,908
Deposits with BankWest	-	152,011
Deposits with Wise, USA	17,998	15,195
Deposits with Bank of America, USA	6,313	990
Deposits with ANZ Bank	784,395	810,031
Deposits with Bank of China, China	15,626	6,351
Deposits with World First Bank, UK	3,878	5,213
Deposits with NAB	42,672	-
Deposits with Wise, AU	12,111	-
	2,038,179	1,664,277

(ii) Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Maturity analysis of financial assets and liability based on management's expectations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g. trade receivables and inventories). These assets are considered in the Group's overall liquidity risk.

Note 26.Financial instruments (continued)

Maturity analysis - 2025	Undiscounted Cash flows $	< 6 months $	6 - 12 months $	1-3 years $	>3 years $	Carrying values $
Financial assets						
Cash and cash equivalents	882,993	882,993	-	-	-	882,993
Trade and other receivables	516,211	516,211	-	-	-	516,211
R&D tax offset rebate receivable	625,765	65,424	560,341	-	-	625,765
Security deposits	13,210	-	-	13,210	-	13,210
	2,038,179	1,464,628	560,341	13,210	-	2,038,179
Financial liabilities						
Trade payables	(936,861)	(936,861)	-	-	-	(936,861)
Other payables including GST and PAYG payable	(832,751)	(832,751)	-	-	-	(832,751)
Borrowings	(5,333,375)	-	-	(5,333,375)	-	(5,333,375)
Lease liabilities	(138,377)	(32,038)	(27,619)	(78,720)	-	(125,497)
	(7,241,364)	(1,801,650)	(27,619)	(5,412,095)	-	(7,228,484)
Net Maturity	(5,203,185)	(337,022)	532,722	(5,398,885)	-	(5,190,305)

Maturity analysis - 2024	Undiscounted Cash flows $	< 6 months $	6 - 12 months $	1-3 years $	>3 years $	Carrying values $
Financial assets						
Cash and cash equivalents	989,791	989,791	-	-	-	989,791
Trade and other receivables	284,578	284,578	-	-	-	284,578
R&D tax offset rebate receivable	365,000	365,000	-	-	-	365,000
Security deposits	9,310	-	-	-	9,310	9,310
	1,648,679	1,639,369	-	-	9,310	1,648,679
Financial liabilities						
Trade payables	(763,203)	(763,203)	-	-	-	(763,203)
Other payables including GST and PAYG payable	(927,204)	(927,204)	-	-	-	(927,204)
Borrowings	(1,004,699)	(41,862)	(41,862)	(920,974)	-	(837,249)
Lease liabilities	(84,227)	(30,990)	(31,140)	(22,097)	-	(79,660)
	(2,779,333)	(1,763,259)	(73,002)	(943,071)	-	(2,607,316)
Net Maturity	(1,130,654)	(123,890)	(73,002)	(943,071)	9,310	(958,637)

Note 26.Financial instruments (continued)

(iii) Market risk

Interest rate risk

The Group's exposure to fluctuations in interest rates that are inherent in financial markets arise predominantly from assets and liabilities bearing variable interest rates.

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2025	Notes	Weighted Average Interest Rates	Floating Interest Rates	Fixed Interest Rates	Non-Interest Bearing	Total
Financial assets						
Cash and cash equivalents	8	0.75%	882,993	-	-	882,993
Trade and other receivables	9	0.00%	-	-	1,141,977	1,141,977
Total assets			882,993	-	1,141,977	2,024,970
Financial liabilities						
Trade and other payables	14	0.00%	-	-	(1,769,616)	(1,769,616)
Borrowings	17	10.00%	-	(4,925,375)	(408,000)	(5,333,375)
Lease liabilities	15, 18	7.22%	-	(125,497)	-	(125,497)
Total liabilities			-	(5,050,872)	(2,177,616)	(7,228,488)
			882,993	(5,050,872)	(1,035,639)	(5,203,518)

2024	Notes	Weighted Average Interest Rates	Floating Interest Rates	Fixed Interest Rates	Non-Interest Bearing	Total
Financial assets						
Cash and cash equivalents	8	2.03%	989,791	-	-	989,791
Trade and other receivables	9	0.00%	-	-	649,578	649,578
Deposits	11	0.00%	-	-	9,310	9,310
Total assets			989,791	-	658,888	1,648,679
Financial liabilities						
Trade and other payables	14	0.00%	-	-	(1,690,407)	(1,690,407)
Borrowings	17	10.00%	-	(837,249)	-	(837,249)
Lease liabilities	15, 18	7.22%	-	(79,660)	-	(79,660)
Total liabilities			-	(916,909)	(1,690,407)	(2,607,316)
			989,791	(916,909)	(1,031,519)	(958,637)

Currency risk

The Group’s policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is exposed to currency risk in relation to the translation of the ultimate parent entity's net investments in foreign operations to its functional currency of Australian dollars. This translation is recognised directly in equity. The analysis below demonstrates the impact on equity of a 10% strengthening or weakening against the AUD dollar of the major currencies to which the Group is exposed through the net investments in foreign operations. The basis for the sensitivity calculation is the Group's actual residual exposure at the balance date of 7% plus movement in currency of 3%.

Note 26.Financial instruments (continued)

Currency risk (continued)

Exposure (continued)

	2025				2024			
	Balance in denominated currency	Balance in functional currency	Sensitivity	Equity Change	Balance in denominated currency	Balance in functional currency	Sensitivity	Equity Change
US Dollar	(3,576,697)	(5,460,122)	10%	496,375	(3,356,838)	(5,032,816)	10%	953,904
Chinese Yuan	3,684,984	784,933	10%	(71,358)	4,613,196	952,009	10%	(157,904)
Euro	(7,457)	(13,368)	10%	1,215	(7,457)	(11,981)	10%	126
GBP	(82,075)	(171,844)	10%	15,622	(71,777)	(136,101)	10%	27,995

Sensitivity analysis on the foreign currency exposure risk is not disclosed as the foreign currency balances are not material and the impact of any change in exchange rates would be immaterial.

Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Therefore, table detailing the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement is not required.

Note 27. Key management personnel disclosures

Directors
The following persons were directors of Aeris Environmental Ltd during the financial year:

Maurie Stang
Steven Kritzler
Abbie Widin
Jenny Harry

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Andrew Just (CEO)

Compensation

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

	Consolidated 2025 $	Consolidated 2024 $
Short-term employee benefits	548,597	533,025
Post-employment benefits	58,696	55,374
Share-based payments	21,000	-
	628,293	588,399

Further, disclosures relating to key management personnel are set out in remuneration report in the Directors' Report.

Note 28. Remuneration of auditors

	Consolidated	
	2025 $	2024 $
Remuneration of UHY Haines Norton for -		
Audit of the annual financial report	65,520	63,000
Review of the half yearly financial report	30,375	25,000
	95,895	88,000

Note 29. Contingent liabilities

There are no contingent liabilities identified as at balance date 30 June 2025 (2024 contingent liabilities nil).

Note 30. Commitments for expenditure

There are no commitments for expenditure identified as at balance date 30 June 2025 (2024 commitments for expenditure nil).

Note 31. Related party transactions

Parent entity

Aeris Environmental Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the Directors' report.

Transactions with related parties

Disclosures relating to transactions with Directors and Director related entities are set out in the remuneration report in the Directors' Report.

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 as follows.

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding at 30 June 2025.

	2025 $	2024 $
Regional Corporate Services Pty Ltd		
The company and its controlled entities incur cost for services provided by Regional Corporate Services Pty Ltd	-	-
Office and administration expenses	147,631	118,911
Insurance expenses	27,104	2,464
Rent	25,770	24,898
Distribution expenses	125,121	81,032
Corporate services	374,261	330,840
The company and its controlled entities provided services and sold products to Regional Corporate Services Pty Ltd	64,056	14,486
Mr M Stang is a Director and Shareholder of Regional Corporate Services Pty Ltd		

Note 31. Related party transactions (continued)

	2025 $	2024 $
Novapharm Research (Australia) Pty Ltd		
The Company and its controlled entities incur expenses for services provided by Novapharm Research (Australia) Pty Ltd		
Research and development	205,613	102,734
Patent and other expenses	27,737	8,701
The Company and its controlled entities transacted with Novapharm Research (Australia) Pty Ltd and invoiced them for providing supply chain functions	31,348	21,448
Mr M Stang and S Kritzler are Directors and Shareholders of Novapharm Research (Australia) Pty Ltd		

	2025 $	2024 $
Ramlist Pty Ltd		
The Company and its controlled entities incur expenses for rent and utility outgoings to Ramlist Pty Ltd	-	14,923
Mr M Stang is a Director and Shareholder of Ramlist Pty Ltd		

	2025 $	2024 $
Teknik Lighting Solutions Pty Ltd		
The Company and its controlled entities incur expenses for marketing and other operational services to Teknik Lighting Solutions Pty Ltd	-	1,196
The Company and its controlled entities transacted with Teknik Lighting Solutions Pty Ltd and invoiced them for administrative charges	-	376
Mr M Stang is a Shareholder of Teknik Lighting Solutions Pty Ltd		

	2025 $	2024 $
Enviroguard Technologies Pty Ltd		
The Company and its controlled entities purchased products from Enviroguard Technologies Pty Ltd	85,034	110,971
Mr M Stang is a Director of Enviroguard Technologies Pty Ltd		
Mr S Kritzler has an indirect beneficial interest in EnviroGuard Technologies Pty Ltd through a trust		

Note 31. Related party transactions (continued)

Loans to/from related parties

There were loans from related parties in the current period. Please refer to note 17.

	2025 $	2024 $
Loan balance outstanding at the end of the period		
Maurie Stang	2,028,922	168,625
Steve Kritzler	1,042,931	-

Mr M Stang is Non-Executive Director and Chairman of Aeris Environmental Ltd
Mr S Kritzler is Non-Executive Director of Aeris Environmental Ltd

	2025 $	2024 $
Outstanding balances payable from purchase of services		
Regional Corporate Services Pty Ltd	66,916	45,237
Novapharm Research (Australia) Pty Ltd	-	63,693
Enviroguard Technologies Pty Ltd	-	5,935

	2025 $	2024 $
Outstanding balances receivable for sales and services provided		
Regional Corporate Services Pty Ltd	57,736	-
Novapharm Research (Australia) Pty Ltd	2,681	-

Note 32. Parent entity information

	Parent 2025 $	Parent 2024 $
Current assets	3,563,133	2,641,162
Total assets	**4,729,588**	**3,778,847**
Current liabilities	(2,871,313)	(2,862,051)
Total liabilities	**(7,864,671)**	**(3,720,683)**
Issued capital	62,520,726	62,520,726
Accumulated losses	(67,645,119)	(64,430,073)
Share-based payments reserve	1,989,311	1,967,511
	(3,135,082)	**58,164**

	Parent 2025 $	Parent 2024 $
Net profit (loss) after tax for the period	(3,215,047)	(2,999,266)
Total comprehensive loss for the period	(3,203,280)	(3,006,768)

Note 33. Interests in subsidiaries - particulars relating to controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Principal place of business/Country of incorporation	Ownership interest 2025 %	Ownership interest 2024 %	Ownership interest held by non-controlling interests 2025 %
Aeris Pty Ltd	Australia	100.00%	100.00%	0.00%
AerisTech Pty Ltd*	Australia	60.00%	100.00%	40.00%
Aeris Hygiene Services Pty Ltd	Australia	100.00%	100.00%	0.00%
Aeris Environmental LLC	USA	100.00%	100.00%	0.00%
Aeris Cleantech Europe Ltd	Malta	100.00%	100.00%	0.00%
Aeris Environmental (UK) Ltd	UK	100.00%	100.00%	0.00%
Shanghai Aeris Environmental Technology Co. Ltd	China	100.00%	100.00%	0.00%

*On 6 May 2024, Aeris Biological Systems Pty Ltd changed its name to AerisTech Pty Ltd (AerisTech). The company is a proprietary company and is limited by shares. On 20 September 2024, Aeris Environmental Ltd entered a joint venture with Cognian Technologies Ltd to acquire the Syncromesh technology for AerisTech. Cognian Technologies Ltd now owns 40% of AerisTech and Aeris Environmental Ltd owns 60% of AerisTech.

Note 34. Subsequent events

There have been no matters or circumstances, which have arisen since 30 June 2025 that have significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2025, of the consolidated entity; or
(b) the results of those operations;
(c) the state of affairs, in the financial years subsequent to 30 June 2025, of the consolidated entity.

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the statement of financial position as follows:

	Consolidated	
	2025 $	2024 $
Cash at bank and on hand	882,993	837,780
Deposits on call	-	152,011
	882,993	989,791

	Consolidated	
	2025 $	2024 $
Loss after income tax benefit for the year	(3,869,302)	(2,972,950)
Adjustments for:		
Depreciation and amortisation	81,470	76,845
Impairment of current assets	(5,096)	351,489
Interest on lease liability	3,853	4,271
Share-based payments	21,800	1,866
Other adjustments	18,840	4,351
Net (gain)/loss on sale of non-current assets	-	35,560
Share of profits of equity-method investees	(252,953)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables and other receivables*	(496,573)	(53,306)
Decrease/(Increase) in inventories**	(998)	(163,075)
Decrease/(Increase) in other operating assets	(133,988)	94,516
Increase/(Decrease) in trade and other payables	297,727	588,257
Increase/(Decrease) in employee benefits	55,894	46,823
Net cash used in operating activities	(4,279,326)	(1,985,353)

*Bad debts to the amount of $4,174 was written off during the year.

**Inventory to the amount of $95,561 was written off during the year.

Note 36. Additional company information

Aeris Environmental Ltd is a public listed company, incorporated in Australia.

Principal registered office and principal place of business
Unit 5 Level 1, 26-34 Dunning Avenue
Rosebery
NSW 2018

Aeris Environmental Ltd
Consolidated Entity Disclosure Statement
as at 30 June 2025

	Type of entity	Trustee, partner or participant in JV	% of share capital	Place of incorporation	Australian resident or foreign resident (i)	Foreign jurisdiction(s) of foreign residents
Name of entity						
Aeris Environmental Ltd	Body corporate	-	n/a	Australia	Australian	Australia
Controlled entity of Aeris Environmental Ltd						
Aeris Pty Ltd	Body corporate	-	100%	Australia	Australian	Australia
AerisTech Pty Ltd (ii)	Body corporate	**Cognian Technologies Ltd**	60%	Australia	Australian	Australia
Aeris Hygiene Services Pty Ltd	Body corporate	-	100%	Australia	Australian	Australia
Aeris Environmental LLC	Body corporate	-	100%	USA	Foreign	USA
Aeris Cleantech Europe Ltd	Body corporate	-	100%	Malta	Foreign	Malta
Aeris Environmental (UK) Ltd	Body corporate	-	100%	UK	Foreign	UK
Shanghai Aeris Environmental Technology Co. Ltd	Body corporate	-	100%	China	Foreign	China

(i) All entities have retained the same tax residency as their country of incorporation.

(ii) On 20 September 2024, Aeris Environmental Ltd entered a joint venture with Cognian Technologies Ltd. Cognian Technologies Ltd now owns 40% of AerisTech and Aeris Environmental Ltd owns 60% of AerisTech.

The ultimate controlling entity of the Group is Aeris Environmental Ltd. The Group's consolidated entity disclosure statement as at 30 June 2025 has been prepared in accordance with Section 295 (3A) of the Corporations Act and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Aeris Environmental Ltd
Directors' declaration
30 June 2025

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- the consolidated entity disclosure statement is true and correct; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Maurie Stang Sydney
Non-Executive Director and Chairman

29 August 2025

UHY Haines Norton
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Independent Auditor's Report

To the Shareholders of Aeris Environmental Ltd

Opinion

We have audited the financial report of Aeris Environmental Ltd (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report, which indicates the Group incurred a net loss before tax of $4,583,794 during the year ended 30 June 2025 and, as of that date held cash and cash equivalents of $882,993. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Audit | Tax | Advisory

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

REVENUE RECOGNITION

Why a key audit matter	How our audit addressed the risk
Australian Auditing Standards require auditors to presume that a risk of fraud exists with respect to revenue balances, unless this can be rebutted. Further, we noted that revenue remains the single most material financial statement line item for the Group, and that revenue is a key reporting item for the management and those charged with governance.	Our procedures included, amongst others: ▸ Evaluated the design of management's internal controls related to revenue recognition across different revenue streams based on walkthroughs; ▸ Reviewed revenue recognition policies for appropriateness and compliance with AASB 15; ▸ Reviewed the gross margin of active projects in the period to assess the completeness of onerous contract provisions; ▸ Performed substantive tests of detail on a sample of revenue transactions selected throughout the year; ▸ Performed cut-off testing on revenue recorded around year end; and ▸ Assessed the adequacy of disclosures in the financial report using the understanding obtained from our testing and against the requirements of the accounting standards.

INVENTORY OBSOLESCENCE

Why a key audit matter	How our audit addressed the risk
As at 30 June 2025, the Group held $0.77 million of inventories (after the impairment provision) (30 June 2024: $0.77 million). This included gross inventory of $3.18 million and a provision for impairment of $2.41 million. The group holds significant amounts of aged inventory which is not expected to be sold by their respective use by dates. The accounting for inventory provisions is a complex area and includes substantial estimation and judgement.	Our procedures included, amongst others: ► Evaluated the design of management's internal controls related to inventory based on walkthroughs; ► Reviewed inventory obsolescence policies for appropriateness and compliance with AASB 102; ► Identified significant assumptions used by management and assess their reasonability; ► Assessed the appropriateness of methods adopted by management, with reference to industry practice and the relevant financial reporting framework; ► Tested the accuracy of key data inputs to management's estimate; and ► Assessed the reasonability and completeness of related disclosures in the financial statements to ensure compliance with the requirements of AASB 102.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the annual report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Aeris Environmental Ltd for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

UHY Haines Norton

Matthew Pope
Partner
Sydney
Dated 29 August 2025

UHY Haines Norton
Chartered Accountants

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