

Aeris Environmental Ltd

ACN 093 977 336

Interim Report

Half Year Ended 31 December 2025



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Appendix 4D

Half Year Report for the six months ended on 31 December 2025

Name of entity

AERIS ENVIRONMENTAL LTD ABN: 19 093 977 336

Half year report for the six months ended on 31 December 2025 (comparatives for the six months ended on 31 December 2024).

Results for announcement to the market

Revenue from ordinary activities	Down	27.64%	to	1,077,773
(Loss) from ordinary activities after tax attributable to members	Up	40.71%	to	(2,619,655)
Net (loss) for the period attributable to members	Up	40.71%	to	(2,619,655)
Dividends (distributions)		Amount per security		Franked amount per security
Final and interim dividends		Nil ¢		Nil ¢
Previous corresponding period		Nil ¢		Nil ¢

Brief Explanation of Figures

Refer to attached 31 December 2025 Half Year Financial Report.

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

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

Net Tangible Assets

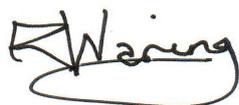
	31 Dec 2025	31 Dec 2024
Net tangible assets / (deficit) per ordinary share	(2.796) ¢	(0.816) ¢

Audit Qualification or Review

The financial statements were subject to review by the Auditors and the review report is attached as part of the Half Year Report.

Other Comments

The information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached 31 December 2025 Half Year Financial Report.



Robert J Waring
Company Secretary

27 February 2026

This Report was authorised by the Board of Directors.

27 February 2026

AERIS HALF YEAR REPORT

In accordance with ASX Listing Rule 4.2A, Aeris Environmental Ltd (Aeris or the Company) presents its financial results for the half year ended 31 December 2025.

Financial Results

Revenue for the Company from activities for the first half of the 2025-26 financial year to 31 December 2025 was \$1,077,773 (31 December 2024 – \$1,495,548). The focus for the first half was the implementation and development of the AerisTech joint venture (JV), and the development of key commercial accounts and preparatory work for manufacturing in China. The milestones laid out during this period were both achieved and set the platform for projected growth of these two core platforms.

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

Aeris' gross profit margin for the first half of the financial year was 54%, which was in line with the previous half year. Financial discipline remained paramount, with operating expenses controlled within targeted ranges despite investments in channel expansion and product development.

Cash receipts from customers were \$1,282,942 for the first half of the financial year (31 December 2024 – \$1,339,908). During the first half of the financial year, the Company received \$2,500,000 from two Directors and one Aeris substantial shareholder via unsecured loans. Cash and cash equivalents were \$1,443,780 at 31 December 2025 (31 December 2024 – \$1,084,192).

The December 2025 loan facilities provided runway for the Company to execute on the substantial commercial pipeline without near-term capital raising pressure, allowing management to focus on converting opportunities into revenue growth rather than fundraising activities.

Operational Summary

The first half of the 2025-26 financial year was characterised by significant strategic progress across both business segments, despite revenue timing challenges that saw a marginal decline in revenue for the first half to \$1,080,000, compared to the prior corresponding period. During the half Aeris established critical commercial foundations that position the Company for accelerated growth in the future. The first half represents an inflection point for Aeris, marked by the transition from product development and pilot validation to enterprise commercial adoption across multiple verticals. While revenue timing resulted in figures for the first half that were below run-rate potential, the quality and scale of commercial validation was achieved, particularly the Budweiser certification and repeat original equipment manufacturer (OEM) orders, which provides substantial confidence in the Company's pathway to sustained growth.

The consumables division achieved a transformative milestone, with Budweiser Asia Pacific (APAC) certification following a rigorous two-year supplier accreditation process, which required meeting Budweiser's multinational parent company, global drink and brewer Anheuser-Busch InBev's, standards, completing successful plant trials across three breweries, and demonstrating superiority over incumbent solutions on efficacy, environmental profile and safety metrics. This validation from one of the world's largest beverage manufacturers provides a powerful reference for expanding across the food and beverage sector, both within the customer's broader APAC network and with other major corporations seeking greener, safer cleaning and disinfection technologies.

Securing a global enterprise customer represents both product market fit confirmation and opens access to a significant annual revenue opportunity from this customer alone. Initial commercial orders for three breweries in China were secured in the second quarter of the 2025-26 financial year following trials demonstrating solutions to previously unresolved operational challenges, while delivering improved environmental and occupational health and safety outcomes.

The corrosion protection vertical maintained strong momentum with a second major purchase order of \$450,000 from a UAE-based OEM coil manufacturer, reinforcing the technical superiority and commercial scalability of AerisGuard Performance Corrosion Coating in harsh environment applications, specifically in the Middle East. The commercial value proposition is ongoing, with additional OEMs in Qatar and Malaysia placing initial orders. The foundation for regional expansion across the high-growth heating, ventilation and air-conditioning (HVAC) coil protection market is firmly established.

Purchase orders received, but not yet shipped, exceeded \$800,000 at the end of the period, providing clear line-of-sight to revenue acceleration for the second half of the financial year.

AerisTech Syncromesh demonstrated expanding market acceptance, both domestically and internationally. The Luna Park Melbourne installation showcased the platform's sophisticated lighting control capabilities in a high-profile venue, while continued engagement with major financial institutions and quick-service restaurant brands advanced pilot-to-commercial conversion pathways. The US distribution partnership with H4 Enterprises (H4) gained significant traction through participation in New York Real Estate Week and CREtech New York (a leading conference focused on technological innovation in the commercial real estate industry), generating substantial lead flow from both private sector and government opportunities. H4's substantial investment in three dedicated sales positions and exhibition presence underscores its commitment to positioning Aeris solutions as a primary growth driver within the H4 business.

Product development initiatives progressed the "off-the-shelf" Syncromesh platform targeted at global electrical wholesalers, with commercial shipments anticipated to commence in the fourth quarter of the 2025-26 financial year. This represents a significant market expansion opportunity, with several international wholesalers expressing intent to distribute the easily-installed platform across key vertical markets.

Operating expenses remained well-controlled and within targeted ranges, with the Company maintaining disciplined cost management while making targeted investments in sales channel development, and research and development (R&D), capabilities. The establishment of additional loan facilities totalling \$3,000,000 in December 2025 provided financial flexibility to support accelerating commercial momentum without diluting existing Aeris shareholders.

AerisTech

AerisTech's progress should be evaluated through the lens of enterprise sales cycle realities rather than quarterly revenue. The financial institution pilot sites, Luna Park installation and quick-service restaurant engagement represent substantial multi-site opportunities where initial deployments serve as proof-of-concept for broader rollouts. The US market development via H4 is particularly strategic, with attendance at CREtech New York generating quality lead flow and regulatory tailwinds from legislation such as Local Law 97 (which mandates that most buildings over 25,000 square feet in New York City meet strict greenhouse gas emissions limits beginning in 2024, with stricter caps in 2030 and a net-zero goal by 2050), creating urgency for building owners to implement energy monitoring and carbon reporting solutions.

The Company's R&D investments continue delivering competitive differentiation through enhanced AerisView command centre capabilities, expanded integration with legacy building automation systems, and development of the electrical wholesaler-targeted platform. These technical advances address the fundamental challenge that over 80% of commercial buildings globally remain without advanced digitalisation, representing a multi-billion-dollar addressable market where AerisTech's vendor-agnostic, wireless retrofitting approach offers compelling advantages over traditional building management systems.

Looking forward to the 2026-27 financial year, growth in AerisTech will come from the progression of domestic pilot sites to commercial deployment, the conversion of US-lead pipeline through H4 and the commencement of electrical wholesaler platform shipments. The convergence of regulatory drivers (sustainability reporting requirements and carbon reduction mandates), market conditions (rising energy costs and ESG focus) and technical readiness, position Aeris to capture meaningful market share across its ecosystem of IoT hardware, SaaS platforms and specialty chemical solutions.

Consumables

The Company's consumables division delivered transformative commercial validation during the first half of the 2025-26 financial year, achieving strategic milestones that establish clear pathways for revenue scaling across multiple geographic markets and customer verticals.

Food and Beverage Vertical – Budweiser APAC Breakthrough

The Budweiser APAC certification represents the single most significant commercial achievement of the half year. Following a rigorous two-year supplier accreditation process that required meeting global Anheuser-Busch InBev's standards, Aeris successfully completed plant trials at three breweries in China, demonstrating the efficacy of its next generation specialty hard surface disinfectants and proprietary enzyme formulations. The trials confirmed product superiority across multiple dimensions: solving previously-unresolved operational challenges that incumbent solutions failed to address; delivering improved environmental profiles through reduced chemical hazards; and providing substantially-enhanced occupational health and safety characteristics. Initial commercial orders were secured for three breweries, with the products addressing large-scale cleaning and disinfection requirements across the customers' production facilities.

The strategic significance extends beyond initial order values. With Budweiser operating an extensive network across APAC and with substantial annual enterprise revenue potential, the approved supplier status creates an expanding opportunity as additional sites adopt the qualified products. Furthermore, the certification provides a compelling reference for approaching other major food and beverage manufacturers seeking to transition from legacy chemical technologies to more effective, safer, and environmentally responsible solutions.

Corrosion Protection – OEM Adoption Accelerating

The Company's corrosion protection vertical demonstrated strong commercial momentum through repeat purchasing and customer expansion patterns. The second major order of \$450,000 from the UAE-based OEM coil manufacturer for its Saudi Arabian manufacturing site confirms the customer's commitment to migrating production to AerisGuard Performance Corrosion Coating. The customer's decision to actively promote Aeris-protected coils as a premium product offering validates both the technical performance advantages and commercial value proposition in harsh Middle Eastern operating environments.

New customer acquisition progressed with OEM manufacturers in Qatar and Malaysia placing initial orders, expanding the geographic footprint and customer base for the corrosion protection portfolio. The global marketing campaign continued generating qualified leads, with the Middle East region demonstrating particularly strong demand dynamics driven by environmental challenges that accelerate HVAC system degradation and create compelling economic returns from corrosion-protected coils.

The market opportunity for corrosion-protected coils is expanding at a significant rate globally, driven by climate pressures, asset longevity requirements and lifecycle cost considerations. The Company's next-generation coating technology addresses these requirements while providing OEM customers with product differentiation, and end-users with extended equipment life, reduced maintenance costs and improved system reliability.

Pipeline and Growth Trajectory

The consumables business concluded the first half of the 2025-26 financial year with purchase orders received, but not yet shipped, exceeding \$800,000, providing clear visibility to revenue acceleration in the second half. The combination of Budweiser scaling, OEM repeat purchasing, new customer onboarding and geographic expansion creates multiple concurrent growth drivers rather than dependence on any single customer or product line.

The progress in China positions Aeris to serve the expanding Asian market while maintaining the technical sophistication and quality standards required by global enterprise customers. The dual focus on specialty disinfection technologies and corrosion protection provides portfolio diversification while leveraging common strengths in formulation chemistry, technical sales and enterprise customer engagement.

As the consumables division progresses through the second half of the financial year, the strategic focus remains on scaling Budweiser volumes across additional breweries, converting OEM pilot sites to commercial production, expanding the approved product range with existing customers and leveraging commercial reference sites to accelerate new customer acquisition across target verticals.

The first half of the financial year delivered the commercial validation milestones required to support confidence in the Company's pathway to sustained, profitable growth. With a substantial purchase order pipeline, an expanding customer base, proven product-market fit with global enterprise customers and strategic positioning in high-growth markets, Aeris enters the second half of the financial year with clear momentum and multiple pathways to value creation.

Aeris Environmental Ltd

Maurie Stang
Chairman

Andrew Just
Chief Executive Officer

This Report was authorised by the Board of Directors.

About Aeris Environmental Ltd

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

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



Aeris Environmental Ltd

ABN 19 093 977 336

Half Year Financial Report

For the Half Year Ended

31 December 2025

Aeris Environmental Ltd

ABN 19 093 977 336



CORPORATE DIRECTORY

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

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Aeris Environmental Ltd

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Aeris Environmental Ltd (the Company) and its controlled entities together with the consolidated financial report for the half year ended 31 December 2025.

DIRECTORS AND CHIEF EXECUTIVE OFFICER

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

Maurie Stang, Non-Executive Director and Chairman

Steven Kritzler, Non-Executive Director

Abbie Widin, Non-Executive Director

Jenny Harry, Non-Executive Director

Andrew Just, Chief Executive Officer

PRINCIPAL ACTIVITIES

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

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

REVIEW OF OPERATIONS

The total ordinary revenue for the half-year to 31 December 2025 was \$1,077,773 (31 December 2024: \$1,495,548). The net loss before tax for the half-year to 31 December 2025 was \$3,037,829 (31 December 2024: \$2,112,813).

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

The Auditor's Independence Declaration is set out in the attached statement from UHY Haines Norton and forms part of the Directors' Report for the half year ended 31 December 2025.



Maurie Stang
Non-Executive Director and Chairman

Sydney, 27 February 2026

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2025

	Notes	31 December 2025 \$	31 December 2024 \$
Revenue	2	1,077,773	1,495,548
Cost of sales		(495,002)	(696,722)
Employee benefits expense		(895,268)	(907,858)
Rental and occupancy expense	3	(111,347)	(49,580)
Depreciation and amortisation expense	3	(41,773)	(40,555)
Other general and administration	3	(1,552,850)	(1,062,599)
Sales, marketing and travel expense		(216,356)	(142,223)
Distribution expense		(247,309)	(318,911)
Research and development and patent expense	3	(231,145)	(285,842)
Finance costs		(324,552)	(104,071)
Loss before income tax expense		(3,037,829)	(2,112,813)
Income tax expense related to ordinary activities		199,964	122,949
Loss after income tax expense for the half-year		<u>(2,837,865)</u>	<u>(1,989,864)</u>
Other Comprehensive Income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation loss		<u>(15,284)</u>	<u>(4,035)</u>
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		<u>(2,853,149)</u>	<u>(1,993,899)</u>
Loss for the half-year attributable to:			
Owners of Aeris Environmental Ltd		(2,619,653)	(1,861,706)
Non-controlling interests		<u>(218,212)</u>	<u>(128,158)</u>
		<u>(2,837,865)</u>	<u>(1,989,864)</u>
Total comprehensive loss for the half-year attributable to:			
Owners of Aeris Environmental Ltd		(2,634,937)	(1,865,741)
Non-controlling interests		<u>(218,212)</u>	<u>(128,158)</u>
		<u>(2,853,149)</u>	<u>(1,993,899)</u>
EARNINGS PER SHARE	8	Cents	Cents
Basic loss per share (cents)		(1.06)	(0.76)
Diluted loss per share (cents)		(1.06)	(0.76)

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

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2025

	Notes	31 December 2025 \$	30 June 2025 \$
Cash and cash equivalents	4	1,443,780	882,993
Trade receivables		1,102,931	1,141,977
Inventories		862,405	770,475
Other current assets		136,405	377,880
TOTAL CURRENT ASSETS		3,545,521	3,173,325
NON-CURRENT ASSETS			
Plant and equipment		31,633	35,262
Right-of-use assets	5	94,410	123,234
Intangible assets		3,733	4,266
TOTAL NON-CURRENT ASSETS		129,776	162,762
TOTAL ASSETS		3,675,297	3,336,087
CURRENT LIABILITIES			
Trade and other payables		1,576,417	1,769,616
Lease liabilities		41,512	57,515
Provisions		250,086	223,716
TOTAL CURRENT LIABILITIES		1,868,015	2,050,847
NON-CURRENT LIABILITIES			
Lease liabilities		56,059	67,982
Borrowings	6	8,642,427	5,333,375
TOTAL NON-CURRENT LIABILITIES		8,698,486	5,401,357
TOTAL LIABILITIES		10,566,501	7,452,204
NET LIABILITIES		(6,891,204)	(4,116,117)
EQUITY			
Equity		62,526,306	62,520,806
Reserves		1,968,978	1,911,700
Accumulated losses		(70,915,323)	(68,295,670)
Non-controlling interests		(471,165)	(252,953)
TOTAL EQUITY		(6,891,204)	(4,116,117)

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

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the half-year ended 31 December 2025

	Issued capital \$	Accumulated losses \$	Other Reserves \$	Non- controlling interest \$	Total Equity \$
At 1 July 2025	62,520,806	(68,295,670)	1,911,700	(252,953)	(4,116,117)
Loss for the half-year ended	-	(2,619,653)	-	(218,212)	(2,837,865)
<i>Other comprehensive income for the half year</i>					
Foreign currency translation differences	-	-	(15,284)	-	(15,284)
Total comprehensive loss for the half-year ended	-	(2,619,653)	(15,284)	(218,212)	(2,853,149)
<i>Transactions with owners in their capacity as owners</i>					
Share-based payments	-	-	72,562	-	72,562
Share capital issued	5,500	-	-	-	5,500
Exercise of performance rights	-	-	-	-	-
Director's fees paid by issue of ordinary shares	-	-	-	-	-
At 31 December 2025	62,526,306	(70,915,323)	1,968,978	(471,165)	(6,891,204)
At 1 July 2024					
At 1 July 2024	62,520,726	(64,426,364)	1,878,133	-	(27,505)
Loss for the half-year ended	-	(1,861,706)	-	(128,158)	(1,989,864)
<i>Other comprehensive income for the half year</i>					
Foreign currency translation differences	-	-	(4,035)	-	(4,035)
Total comprehensive loss for the half-year ended	-	(1,861,706)	(4,035)	(128,158)	(1,993,899)
<i>Transactions with owners in their capacity as owners</i>					
Share-based payments	-	-	21,533	-	21,533
Share capital issued	80	-	-	-	80
Exercise of performance rights	-	-	-	-	-
Director's fees paid by issue of ordinary shares	-	-	-	-	-
At 31 December 2024	62,520,806	(66,288,070)	1,895,631	(128,158)	(1,999,791)

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

Aeris Environmental Ltd

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the half-year ended 31 December 2025

	31 December 2025 \$	31 December 2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,282,942	1,339,908
Payments to suppliers and employees	(3,790,486)	(3,625,350)
R&D tax offset received	64,716	200,822
Interest received	5,520	13,293
Other income	-	-
Net cash used in operating activities	(2,437,308)	(2,071,327)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(7,121)	(5,333)
Net cash used in investing activities	(7,121)	(5,333)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares and other equity securities	5,500	-
Proceeds from issued share capital	-	80
Borrowings	3,015,000	2,175,000
Net cash provided by financing activities	3,020,500	2,175,080
Net increase in cash held	576,071	98,420
Cash at the beginning of the half-year	882,993	989,807
Effects of exchange rate changes on cash and cash equivalents	(15,284)	(4,035)
Cash at the end of the half-year	1,443,780	1,084,192

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

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

1 Statement of Accounting Policies

(a) Financial Reporting Framework

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

The Half Year Financial Report should be read in conjunction with the annual financial report of Aeris Environmental Ltd as at 30 June 2025. It is also recommended that the Half Year Financial Report be considered together with any public announcements made by the Company during the half year ended 31 December 2025 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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

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

Going Concern

The Group earned revenue for the first half of the 2025-26 financial year to 31 December 2025 of \$1,077,773 (31 December 2024 - \$1,495,548), and made a loss before income tax of \$3,037,829 (31 December 2024 - \$2,112,813). The net liabilities position has increased from \$4,116,117 as at 30 June 2025 to \$6,891,204 as at 31 December 2025. Net cash burn from operating activities for the half year ended 31 December 2025 was \$2,437,308 (31 December 2024 - \$2,071,327).

The cash balance as at 31 December 2025 was \$1,443,780 (30 June 2025: \$882,993).

The above matters may give rise to a material uncertainty that may cast significant 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 the previous year, with a conservative sales budget still yielding significant growth. Several new products have been introduced and more new products are being considered for addition to the portfolio.

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.

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

1 Statement of Accounting Policies (continued)

(b) Changes in Accounting Policies

The accounting policies that have been adopted in the preparation of this Financial Report have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2025 Financial Report.

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

An assessment has been performed and determined that during the half year ended 31 December 2025, no significant adjustments were required in relation to the adoption of these new standards.

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

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

2 Revenue

	31 December 2025 \$	31 December 2024 \$
Revenue from sales and services	1,037,047	1,433,163
Financial revenue	4,813	13,299
Other revenue	35,913	49,086
Total revenue	<u>1,077,773</u>	<u>1,495,548</u>

3 Expenses

Loss from ordinary activities before income tax expense includes:

Depreciation and amortisation expense	41,773	40,555
Research and development and patent expense	231,145	285,842
Rental and occupancy expenses	111,347	49,580
Impairment of assets	34,917	30
Other general and administration	1,517,933	1,062,569

4 Cash and Other Financial Assets

	31 December 2025 \$	30 June 2025 \$
Cash and Cash Equivalents		
Cash at bank and on hand	<u>1,443,780</u>	<u>882,993</u>

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

5 Current and non-current lease assets and liabilities

The Group had recognised 'Right-of-Use Asset' and associated 'Lease Liability' in the 2023 financial year for the office space leased in Sydney following AASB 16 for accounting of leases. The office space leased in Townsville was renewed from July 2025 and also follow AASB 16 for accounting of leases.

Land and buildings - right-of-use	261,827	261,827
Less: Accumulated depreciation	<u>(167,417)</u>	<u>(138,593)</u>
	<u>94,410</u>	<u>123,234</u>

6 Borrowings

	31 December 2025 \$	30 June 2025 \$
Loan - Bernie Stang	(2,704,917)	(1,853,522)
Loan - Steve Kritzler	(2,124,303)	(1,042,931)
Loan - Maurie Stang	(2,890,207)	(2,028,922)
Loan - Cognian	<u>(923,000)</u>	<u>(408,000)</u>
Total borrowings	<u>(8,642,427)</u>	<u>(5,333,375)</u>

In December 2025, two additional new unsecured loan facilities for a total of \$3,000,000 were entered into with one of the Non-Executive Directors (Maurie Stang – \$1,500,000) and one of the Company's substantial shareholders (Bernard Stang – \$1,500,000). Each loan is an unsecured facility that attracts 10% interest per annum, with interest being capitalised and any amount of the facility can be repaid without penalty. The maturity date of the loan facilities is 27 June 2027.

As at 31 December 2025, the total loan facilities are \$10,168,625, with an amount drawn down of \$7,168,625, and capitalised interest of \$550,871 leaving \$2,449,197 of the loan facilities left undrawn after accounting for capitalised interest, providing financial flexibility for growth initiatives. As partial consideration for the loan facilities of \$10,000,000, the lenders will receive Aeris options on a 1:1 ratio with an exercise price of \$0.20 and an expiry date of four years from the date of issue. The issue and exercise of the options will comply with ASX Listing Rules.

7 Segment Reporting

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

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

Intersegment Transactions

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

Intersegment Receivables, Payables and Loans

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

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

7 Segment Reporting (continued)

Operating Segment Information of the Consolidated Entity

For half year ended 31 December 2025	Australia	International	Intersegment eliminations	Consolidated
	\$	\$	\$	\$
Revenue				
Sales	1,019,872	85,301	(68,126)	1,037,047
Other income	34,839	123,119	(117,232)	40,726
Total Revenue	<u>1,054,711</u>	<u>208,420</u>	<u>(185,358)</u>	<u>1,077,773</u>
Expenses				
Cost of goods sold	515,817	47,311	(68,126)	495,002
Operating expenses	3,552,436	275,565	(207,401)	3,620,600
Total Expenses	<u>4,068,253</u>	<u>322,876</u>	<u>(275,527)</u>	<u>4,115,602</u>
Loss before tax	<u>(3,013,542)</u>	<u>(114,456)</u>	<u>90,169</u>	<u>(3,037,829)</u>

For half year ended 31 December 2024	Australia	International	Intersegment eliminations	Consolidated
	\$	\$	\$	\$
Revenue				
Sales	1,436,499	34,572	(37,908)	1,433,163
Other income	61,025	41,055	(39,695)	62,385
Total Revenue	<u>1,497,524</u>	<u>75,627</u>	<u>(77,603)</u>	<u>1,495,548</u>
Expenses				
Cost of goods sold	671,324	63,306	(37,908)	696,722
Operating expenses	2,418,567	218,405	274,667	2,911,639
Total Expenses	<u>3,089,891</u>	<u>281,711</u>	<u>236,759</u>	<u>3,608,361</u>
Loss before tax	<u>(1,592,367)</u>	<u>(206,084)</u>	<u>(314,362)</u>	<u>(2,112,813)</u>

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

7 Segment Reporting (continued)

Operating Segment Information of the Consolidated Entity (continued)

Segment Assets and Liabilities	Assets		Liabilities	
	31/12/2025	30/06/2025	31/12/2025	30/06/2025
	\$	\$	\$	\$
Australia	6,365,407	5,608,278	14,733,770	11,221,743
International	1,080,129	1,075,132	5,922,004	5,935,533
Total	7,445,536	6,683,410	20,655,774	17,157,277
Intersegment elimination	(3,770,240)	(3,347,322)	(10,089,273)	(9,705,075)
Consolidated	<u>3,675,296</u>	<u>3,336,088</u>	<u>10,566,501</u>	<u>7,452,201</u>

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.

8 Earnings per share

	31 December 2025 \$	31 December 2024 \$
Basic loss per share (cents)	(1.06)	(0.76)
Diluted loss per share (cents)	(1.06)	(0.76)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	246,399,442	245,694,551
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	246,399,442	245,694,551
	31 December 2025 \$	31 December 2024 \$
Options and rights eligible for conversion into ordinary shares in future		
Options	3,000,000	550,000
Rights	-	100,000
	<u>3,000,000</u>	<u>650,000</u>

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

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

9 Related party transactions

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

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

(a) Regional Corporate Services Pty Ltd

	31 December 2025 \$	31 December 2024 \$
The company and its controlled entities incurred cost for services provided by Regional Corporate Services Pty Ltd.		
Office and administration expenses	53,590	66,981
Rent	13,258	12,810
Distribution expenses	76,600	58,419
Corporate services	186,578	186,578
	330,026	324,788

The company and its controlled entities provided services and sold products to Regional Corporate Services Pty Ltd.

	3,227	5,173
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	31 December 2025 \$	30 June 2025 \$
Balance receivable at the end of the reporting period *	-	57,736
Balance payable at the end of the reporting period *	167,650	66,916

(b) Novapharm Research (Australia) Pty Ltd and its Controlled Entities

	31 December 2025 \$	31 December 2024 \$
The Company and its controlled entities purchased products from Novapharm Research (Australia) Pty Ltd		
	113,583	122,039
	113,583	122,039

	31 December 2025 \$	30 June 2025 \$
Balance receivable at the end of the reporting period *	3,188	2,681
Balance payable at the end of the reporting period *	53,142	-

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

9 Related party transactions (continued)

(c) Enviroguard Technologies Pty Ltd

	31 December 2025 \$	31 December 2024 \$
The Company and its controlled entities purchased products from Enviroguard Technologies Pty Ltd	<u>11,060</u> <u>11,060</u>	<u>31,164</u> <u>31,164</u>
	31 December 2025 \$	30 June 2025 \$
Balance payable at the end of the reporting period *	3,380	-

(d) Maurie Stang

	31 December 2025 \$	31 December 2024 \$
The Company and its controlled entities incur expenses for interest on loan through Maurie Stang	<u>111,285</u> <u>111,285</u>	<u>36,643</u> <u>36,643</u>
	31 December 2025 \$	30 June 2025 \$
Loan balance outstanding at the end of the reporting period	2,890,208	2,028,922

(e) Steven Kritzler

	31 December 2025 \$	31 December 2024 \$
The Company and its controlled entities incur expenses for interest on loan through Steven Kritzler.	<u>81,372</u> <u>81,372</u>	<u>4,937</u> <u>4,937</u>
	31 December 2025 \$	30 June 2025 \$
Loan balance outstanding at the end of the reporting period	2,124,303	1,042,931

Aeris Environmental Ltd

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the half-year ended 31 December 2025

10 Events Subsequent to the Reporting Date

There have been no matters or circumstances, which have arisen since 31 December 2025 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2025, of the consolidated entity;
- (b) the results of those operations; or
- (c) the state of affairs, in the financial years subsequent to 31 December 2025, of the consolidated entity.

Aeris Environmental Ltd

DIRECTORS' DECLARATION

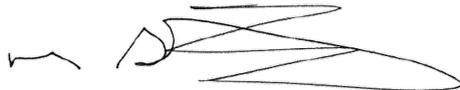
Directors' Declaration

In the Directors' opinion:

- 1 the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- 2 the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- 3 there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Maurie Stang
Non-Executive Director and Chairman

Sydney, 27 February 2026

Auditor's Independence Declaration

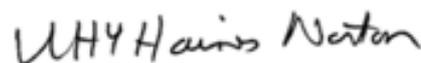
Under Section 307C of the *Corporations Act 2001*

To the Directors of Aeris Environmental Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2025, there have been:

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

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



Matthew Pope

Partner

Sydney

27 February 2026

UHY Haines Norton

Chartered Accountants

Audit | Tax | Advisory

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aeris Environmental Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Aeris Environmental Ltd ("the Company"), and the entities it controlled during the half-year (together "the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2025, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the half-year financial report, which discloses that the Group incurred a loss before income tax expense of \$3,037,829 and had operating cash outflows of \$2,437,308 for the half-year ended 31 December 2025. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

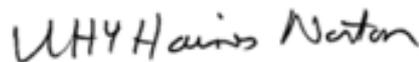


Matthew Pope

Partner

Sydney

27 February 2026



UHY Haines Norton

Chartered Accountants



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