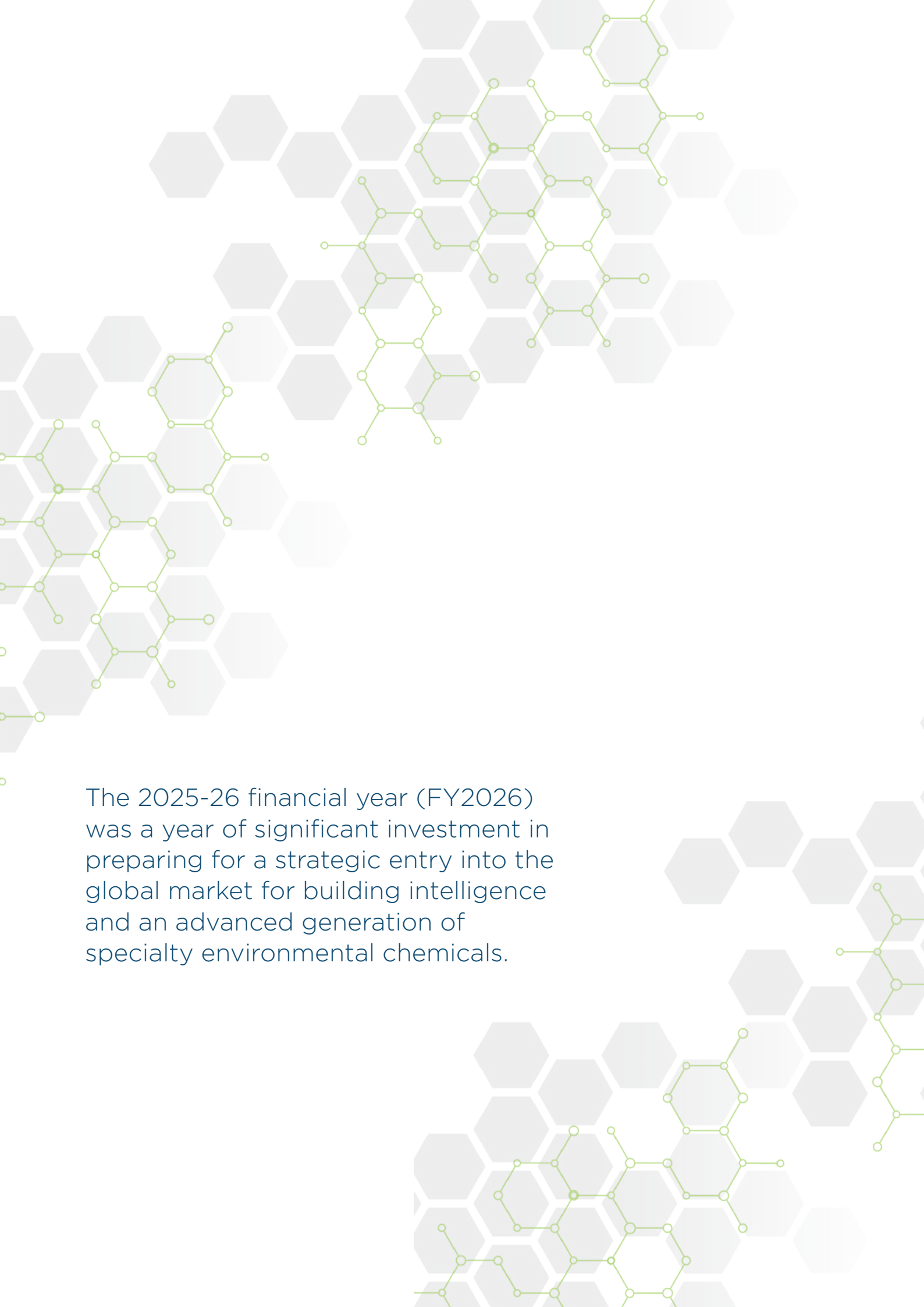




ANNUAL REPORT

2026



The 2025-26 financial year (FY2026) was a year of significant investment in preparing for a strategic entry into the global market for building intelligence and an advanced generation of specialty environmental chemicals.

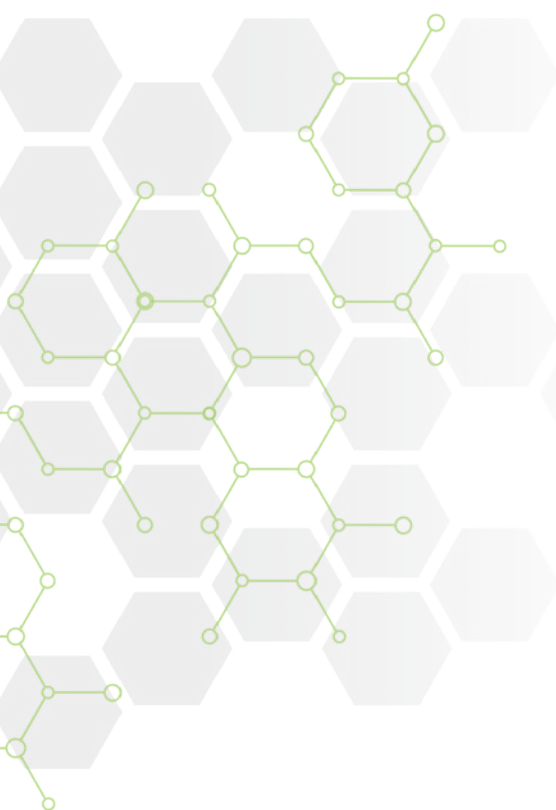


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CHAIRMAN & CEO

REPORT

AerisTech is now scaling up for the launch of the Syncromesh Omni platform, which provides wholesale partners with an unprecedented ability to rapidly deploy controls and automation for building intelligence.

Dear Shareholders

The 2025-26 financial year (FY2026) was a year of significant investment in preparing for a strategic entry into the global market for building intelligence and an advanced generation of specialty environmental chemicals. The customer feedback and commitment in relation to our patented Syncromesh platform is both encouraging and direct evidence of broad market potential.

The Company's specialty chemicals portfolio is gaining customers in several international markets, and is strategically placed to assist customers in using the data from Aeris' Internet of Things (IoT) technology to upgrade and improve their efficiency and environmental objectives.

AerisTech is now scaling up for the launch of the Syncromesh Omni platform, which provides wholesale partners with an unprecedented ability to rapidly deploy controls and automation for building intelligence. Aeris has now formed commercial alliances with leading electrical wholesalers who are actively marketing Syncromesh to their customer bases.

The global market for building intelligence is growing at a double-digit rate, and the AerisTech offerings can be seamlessly implemented in both new building and retrofit applications across the full spectrum of commercial and industrial built environments. Syncromesh provides the opportunity to speak to a broad range of IoT devices, and deliver actionable data and dashboards to customers whilst interacting with existing building management systems.

FY2026 represented the Company's largest investment in product development and, in particular, focused on the Syncromesh Omni platform, which is now entering its commercial launch phase. In parallel, and based on customer feedback, many of Aeris' specialty chemicals were upgraded and formulated for specific industrial applications. The Company is now scaling up production of several of these new specialty chemicals in China to address market demand from enterprise customers, such as Budweiser Asia Pacific and other brewing companies in the region.



Aeris' revenue for the year was \$3.08 million, compared with \$3.26 million in the 2024-25 financial year (FY2025), while the gross margin improved to 53% from 51%. The loss before tax increased to \$5.60 million, reflecting substantial investment in product development, commercialisation and international market establishment. Revenue strengthened through the year, with the June 2026 quarter delivering the strongest quarterly result of FY2026.

AerisTech: Building the Future Today

FY2026 represented an important step in the commercial development of AerisTech's Syncromesh building intelligence platform. Syncromesh Prime (the projects platform) was successfully and commercially deployed across an expanded range of new sites, including commercial, aged care, multiple sporting facilities and

a complex lighting-control application. The Company's enterprise customers, including a leading Australian bank, are scaling up the rollout of Syncromesh Prime based on successful initial installations and metrics demonstrating meaningful gains in energy reduction and efficiency. Key to these outcomes is AerisTech's proprietary thermal occupancy capability, which provides real time data without any of the technical and privacy issues related to artificial intelligence camera installations.

Internationally, AerisTech's channel partner, H4 Enterprises, completed three commercial installations in the United States (US) and developed opportunities within US Federal facilities. The platform also achieved early deployment with a leading US convenience store chain in collaboration with AT&T Inc.. In the United Kingdom (UK), a leading systems integrator has now adopted Syncromesh Prime as its

preferred technology platform following a broad evaluation of available technologies in the international market. This has now resulted in AerisTech's first UK commercial installation and Aeris has in place a highly-capable distributor with strong wholesale presence in the large-scale UK market.

The next stage of AerisTech's development is focused on two complementary routes to market. The Company will continue to pursue larger enterprise deployments directly and through integration partners, while also developing Syncromesh Omni as a pre-packaged offering designed for distribution through the electrical wholesale channels.

Syncromesh Omni is now listed with major electrical wholesalers and growing orders are now being generated through this strategic channel. It is important to note that, both domestically and internationally, Aeris' wholesale strategy provides a growing sales pipeline without requiring a corresponding increase in direct sales and delivery resources.

Core Business Momentum

The Company's specialty chemicals business continues to grow, both from existing customers and new conquest business in multiple international markets. Manufacturing is now being scaled up in China, for both logistic and commercial benefits. The Aeris China team is now providing an integrated approach for large enterprise customers, delivering higher levels of safety and efficiency, and meaningful improvements in asset corrosion protection.

The corrosion protection range progressed from individual orders toward a recurring order book. A major original equipment manufacturer customer in the United Arab Emirates placed a large repeat order in the June 2026 quarter, following earlier business with Aeris. The Company also secured new customers across the Middle East and Australia.

Since year end, Aeris has received its first confirmed corrosion protection order from a leading coil manufacturer in the US. Together, these developments broaden both the customer and geographic base of the corrosion protection business, and provide a platform for further growth in the 2026-27 financial year (FY2027).

In China, the Company's relationship with Budweiser Asia Pacific continued to develop following the completion of a

two-year supplier accreditation process. What began with certification and initial orders across three brewery sites has developed into a broader portfolio of opportunities spanning hygiene automation, corrosion protection, mould prevention and seal repair. The establishment of a local manufacturing capability in China during the year should improve Aeris' ability to service these opportunities. Changes to China's regulatory environment, including the Hazardous Chemicals Safety Law and new National Food Safety Standards, may also support demand for products that meet increasingly-stringent safety and performance requirements.

In Australia, mould remediation revenue in North Queensland normalised following the unusually-strong weather-driven demand experienced in FY2025. The Company will balance variations in domestic demand through a broader base of international customers and applications.

Looking Forward

Aeris enters FY2027 with a global opportunity deriving from its high levels of investment in research and development (R&D) resulting in the two Syncromesh offerings and its expanded range of environmentally-focused specialty chemicals. The Company now has commercially-validated product platforms and is scaling up in high-growth markets with what Aeris believes to be unique and commercially-attractive offerings.

AerisTech has built the Syncromesh platform to provide an integrated solution beyond its well-recognised advanced wireless network capabilities. From a customer's perspective, it is highly scalable from an initial focus on lighting and energy to virtually any application that requires real-time data, and cloud-based machine learning and analytics. Once the network is implemented, additional applications generate high-margin, recurring, cloud-based revenue streams.

For AerisTech, the priority is to implement, train and support a rapidly-growing network of distributors, integrators and installers together with the Company's wholesale partners, providing access to scale in the global building intelligence market. It is important to note that, currently, the conversion rate of quote-to-sale is tracking favourably providing a strong incentive for partners to align with the Syncromesh platform to meet their customers' needs on an ongoing basis.

For specialty chemicals, Aeris is demonstrating positive customer demand as a consequence of new product development, which is highly focused on direct feedback received from existing and conquest customers globally. The scaling of production in China now provides an ability to service local market demand in a timely manner, together with significant improvements in margin.

The Board remains focused on financial discipline and the Company's R&D phase has benefited from unsecured related party loan facilities, which have enabled accelerated development of its new technology platforms. Aeris will, at the appropriate time, seek to expand its capital base as the business continues to scale.

The Company has established a number of credible high-scale commercial opportunities across AerisTech and specialty chemicals. The focus is now driving new and recurring revenues at scale, demonstrating margin discipline and converting the investments made over recent years into growing shareholder value.

We thank the Aeris team, our joint venture partner Cognian Technologies Ltd, our customers and commercial partners, and our Directors for their contribution to the Company during FY2026.

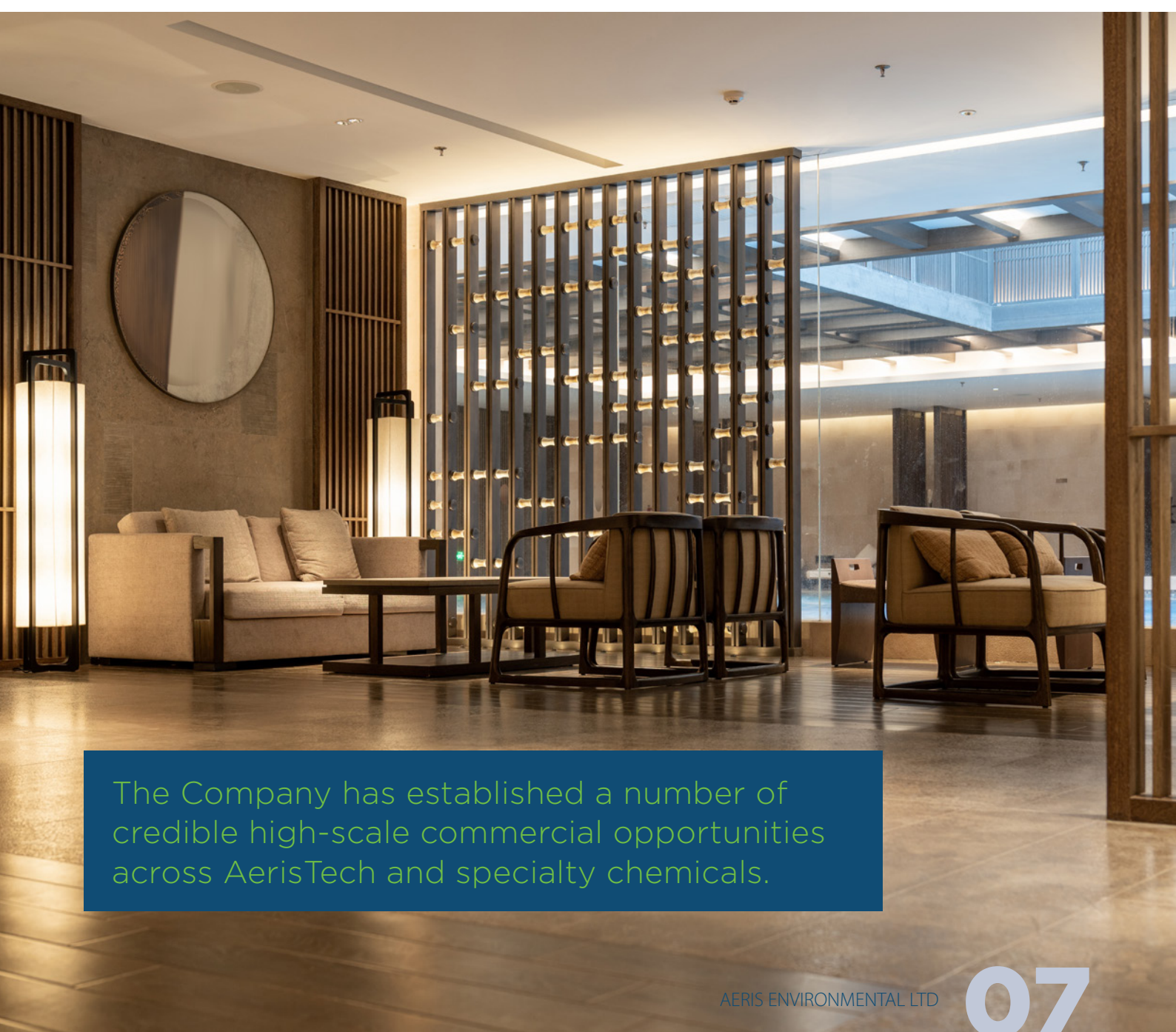
We also thank our shareholders for their continued support as Aeris enters the next stage of its development.

Maurie Stang

Chairman

Andrew Just

CEO



The Company has established a number of credible high-scale commercial opportunities across AerisTech and specialty chemicals.

Aeris' strategy remains focused on markets where it has differentiated technology and a credible route to commercial scale.

Overview

The 2025-26 financial year (FY2026) was a year of continued investment in Aeris' two principal areas of activity: the Company's established specialty chemicals business and the pivotal AerisTech Syncromesh building intelligence platform.

Aeris' revenue for the year was broadly consistent with the 2024-25 financial year (FY2025), while its gross margin improved from 51% to 53%. The Company continued to invest substantially in product development, commercialisation and international market establishment, particularly for Syncromesh. Within this investment phase, Aeris achieved a number of commercial milestones. Syncromesh progressed from early validation into commercial installations and enterprise opportunities in Australia, the United States (US) and the United Kingdom (UK). The specialty chemicals business expanded its recurring corrosion protection activity, particularly in the Middle East, while the Company's relationship with Budweiser Asia Pacific developed from supplier accreditation and initial orders into a broader portfolio of projects in China.

Aeris' strategy remains focused on markets where it has differentiated technology and a credible route to commercial scale. In specialty chemicals, this includes corrosion protection, mould remediation and hygiene applications, with an increasing focus on China, the Middle East and the US. In building intelligence, the Company is pursuing both larger enterprise deployments of Syncromesh Prime and a scalable wholesale distribution model through Syncromesh Omni.

Financial Performance

Aeris' revenue for the year ended 30 June 2026 was \$3,080,328, compared with \$3,260,541 in FY2025. The loss before income tax was \$5,586,590, compared with loss before income tax of \$4,583,794 in the prior year. The difference primarily reflected continued investment in development and commercialisation of the Syncromesh platform, and expenditure associated with establishing new markets and channels. The Company's gross margin improved to 53%, compared with 51% in FY2025, despite inflationary pressures, and continued investment in new products and markets.

Aeris' revenue strengthened during the second half of the financial year. Quarterly revenue increased from \$698,639 in the September 2025 quarter to \$1,273,928 in the June 2026 quarter, the strongest quarterly revenue result of FY2026. The June 2026 quarter result was supported by corrosion protection sales and orders associated with Budweiser Asia Pacific.

Cash receipts from customers for the year were \$2,646,355, compared with \$3,123,851 in FY2025. At 30 June 2026, the Company held cash of \$2,047,879, compared with \$882,993 at 30 June 2025. The increase in year-end cash principally reflects additional funding provided through unsecured related party loan facilities. Net cash used in operating activities increased by approximately \$749,386 during the year.

Aeris had net liabilities of \$9,218,187 at 30 June 2026, compared with net liabilities of \$4,116,117 at 30 June 2025. Related party loan facilities totalled \$10,168,625 at year end, together with \$984,280 of capitalised interest. Further details are set out in the Notes to the Financial Statements. Trade debtors increased by \$559,703 over the year.

The Board and management continue to monitor expenditure and working capital closely while balancing near-term financial discipline with the investment required to commercialise the AerisTech Syncromesh technology, and develop the Company's international specialty chemicals markets.

AerisTech: Building Intelligence Platform

FY2026 marked a further stage in the commercial development of AerisTech's Syncromesh platform, with activity progressing from initial validation into commercial installations, enterprise deployments and channel development.

Syncromesh is a proprietary wireless network of nodes and gateways installed within a building, connecting lighting, heating, ventilation and air-conditioning (HVAC), and other building systems to a cloud-based platform without the cost and disruption of re-cabling. Facility managers and building owners use the resulting data and controls to automate lighting and climate settings, track energy consumption by zone, and monitor occupancy and environmental conditions in real time. Syncromesh Prime is Aeris' project-engineered offering for larger or more complex sites,

where an integrator designs the network to the customer's specifications. Syncromesh Omni packages the same core technology into a standard, pre-configured kit that an electrician can select, order and install without bespoke design work, extending the platform's reach to smaller and retrofit commercial premises.

In Australia the Company's enterprise customers, including a leading Australian bank and government infrastructure customers, are scaling up the rollout of Syncromesh Prime based on successful initial installations and measurable gains in operating performance. A particular competitive advantage of Syncromesh is the ability to accurately count people and measure their dwell time, in a privacy-assured manner (no camera is used). This feature holds a range of benefits for enterprise customers, from better energy management to optimising staff resourcing and improving the customer experience.

In the US, Aeris' channel partner, H4 Enterprises, has further advanced its understanding of the Company's technology offering and its sales pipeline. This was demonstrated in further Syncromesh installations and an expansion of functionality at an earlier site. The upsell opportunity is therefore clear, and the readily-expandable and upgradeable nature of Syncromesh Prime enables building out recurring revenues from current customers over time. In the UK, Aeris has secured a key distribution partner and a leading systems integrator for the initial commercial site. The first phase is a narrow scope of functionality that can then be easily expanded to progressively add to the solutions value over time. These activities are at different stages of commercial maturity and, as the early sites deliver actionable data and improved outcomes over a range of environments, they will serve as compelling examples of the flexibility and value of the technology.

In addition to Syncromesh Prime for multi-function enterprise application scenarios, in Australia the Company is bringing to market Syncromesh Omni, a pre-packaged offering intended to provide a simpler route to deployment through established electrical wholesale channels. The wholesale model is intended to broaden the addressable customer base while reducing the level of direct sales and project support required from Aeris for each deployment.

Demand for building intelligence and energy management technologies continues to be supported by



increasing customer focus on energy efficiency, building performance and emissions reporting. Relevant regulatory and disclosure drivers in Australia include NABERS, Scope 2 emissions reporting and IFRS S1/S2 sustainability disclosure requirements.

The Company's priorities for AerisTech in the 2026-27 financial year (FY2027) are to further develop and convert the opportunity pipeline, building out the customer base both in Australia and internationally.

Specialty Chemicals: Corrosion Protection, Consumables and China

The specialty chemicals business remained Aeris' most established source of commercial revenue during FY2026, continuing to grow both from existing customers and new business globally. Corrosion protection was a principal area of growth. During the year, the business progressed from individual orders toward repeat purchasing from key customers.

The Company's corrosion protection range comprises specialty coating products for air-conditioning systems, engineered to be thin enough that they do not impair heat-exchange performance. It is sold to HVAC and refrigeration contractors, original equipment manufacturers, and asset owners operating in corrosive environments such as coastal and marine sites, offshore facilities, and humid industrial and food-production plants, where untreated equipment corrodes quickly, and drives higher maintenance and replacement costs. The coating has been independently tested to the ASTM B117 accelerated salt-spray standard, continuing to pass after more than five years of continuous exposure.

A major manufacturer in the United Arab Emirates (UAE) placed a repeat order of approximately \$308,000 during the June 2026 quarter. Further business with this customer is expected during the first half of FY2027. Aeris also secured other customers across the UAE, Saudi Arabia, Qatar and Australia during the year. Since the end of FY2026, the Company has received its first confirmed corrosion protection order from a leading coil manufacturer in the

US. This represents an initial commercial entry into the US market for this product range.

Aeris' hygiene and mould control range spans a variety of products, including enzyme-based cleaning chemistry and mould prevention solutions. In China, the range addresses biofilm and microbiological fouling with a formulation designed to protect heat exchange assets, an increasingly-important purchasing consideration for regional brewers.

The Aeris China team developed a strong pipeline of opportunities, principally in the brewing industry, through multiple trials and commercial pilots of a variety of products. The Company's relationship with Budweiser Asia Pacific expanded during FY2026 following the completion of a two-year supplier accreditation process. Initial certification was followed by opening orders across three breweries. By year end, the relationship had broadened to receiving orders from six breweries in the Budweiser network, including projects and opportunities across hygiene automation, corrosion protection, mould prevention and seal repair. An initial order was also won with Beijing Yanjing Brewery Co., Ltd., a Chinese brewing group operating 41 breweries.

Aeris established a local manufacturing capability in China for a key brewery-related product during FY2026. This is intended to improve responsiveness to customers and support the development of the Company's Chinese business. Changes to China's regulatory environment may also influence demand within the markets served by Aeris. These include the Hazardous Chemicals Safety Law, effective from 1 May 2026 and a new National Food Safety Standard taking effect from September 2026. The Company expects these changes to increase the importance of product safety,

compliance and performance within relevant industrial and food-production environments.

In Australia, mould remediation revenue in North Queensland normalised from the unusually-high levels experienced during FY2025, when demand was supported by significant weather-related activity. Aeris continued to develop international demand during FY2026 with the objective of reducing reliance on weather-driven domestic remediation revenue.

Summary and FY2027 Outlook

FY2026 combined continued investment with a number of significant commercial developments across both of the Company's operating platforms. In AerisTech, the clear focus in FY2027 is to grow commercial installations and enterprise opportunities into larger and repeatable revenue streams while scaling Syncromesh Omni orders through the vast electrical wholesale channel. In specialty chemicals, Aeris will focus on increasing repeat corrosion protection orders, developing the global pipeline opportunity and converting the portfolio of activity in China into stable repeating revenue streams.

The Company enters FY2027 with outstanding opportunities and technologies across a broad customer and geographic base. Aeris is driving disciplined execution in markets where it now has both proprietary and disruptive technologies. In parallel, the Company's focus is on the maintenance of an attractive gross margin, careful management of expenditure and working capital, and the momentum into the global markets, the building intelligence and environmental technologies.

DIRECTORS' REPORT

The Directors of Aeris Environmental Ltd submit herewith the Annual Report for the financial year ended 30 June 2026. 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 2025 to 30 June 2026.

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 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, technology, robotics and AI. She held senior international roles with Procter & Gamble in Europe and Australia, and with Kellogg in Asia Pacific, with responsibility for growth, commercial strategy and market development. Dr Widin subsequently founded and led an Australian robotics and AI company, commercialising new technology for the built environment and raising government and private capital to support its development and growth. She is currently a Non-Executive Director of the Agricultural Business Research Institute (ABRI). Dr Widin brings particular experience in the commercialisation of emerging technologies, growth strategy and governance.

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 (B.Ec, H.Ec, 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 other listed companies held in the last three years: Non-Executive Director of Singular Health Group (ASX:SHG) since March 2021 and Non-Executive Director of Archer Materials Limited (ASX:AXE) since December 2025.

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 number of listed and unlisted companies.

Appointed: 25 July 2002

Mr Waring is also the Company Secretary of ASX-listed company Vectus Biosystems Limited (ASX:VBS).

SHARE REGISTRY

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia
GPO Box 2975, Melbourne VIC 3001 Australia
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	8	4	1	1
Directors and their attendance				
Maurie Stang	8	4	1	1
Steven Kritzler	5	-	-	-
Abbie Widin	8	-	-	-
Jenny Harry	8	4	1	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 meet as and when required. There were three board meetings of Aeris' 60%-owned subsidiary AerisTech Pty Ltd held during the 2025-26 financial year attended by Maurie Stang and Jenny Harry.

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;
- development and commercialisation of the AerisTech Syncromesh ecosystem, a wireless IoT platform and cloud-based software solution for smart building asset performance monitoring and management.

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:

	2026 \$	2025 \$	Change \$	Change %
Income	3,080,328	3,260,541	(180,213)	(5.53)
Expenses	(8,666,918)	(7,844,335)	(822,583)	(10.49)
Income tax benefit	419,427	461,536	(42,109)	(9.12)
Loss after income tax	(5,167,163)	(4,122,258)	(1,044,905)	(25.35)

The Company's Review of Operations commences on page 8 of this report.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2026 (2025: 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 2026 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2026, of the consolidated entity; or
- (b) the results of those operations;
- (c) the state of affairs; in the financial years subsequent to 30 June 2026, 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

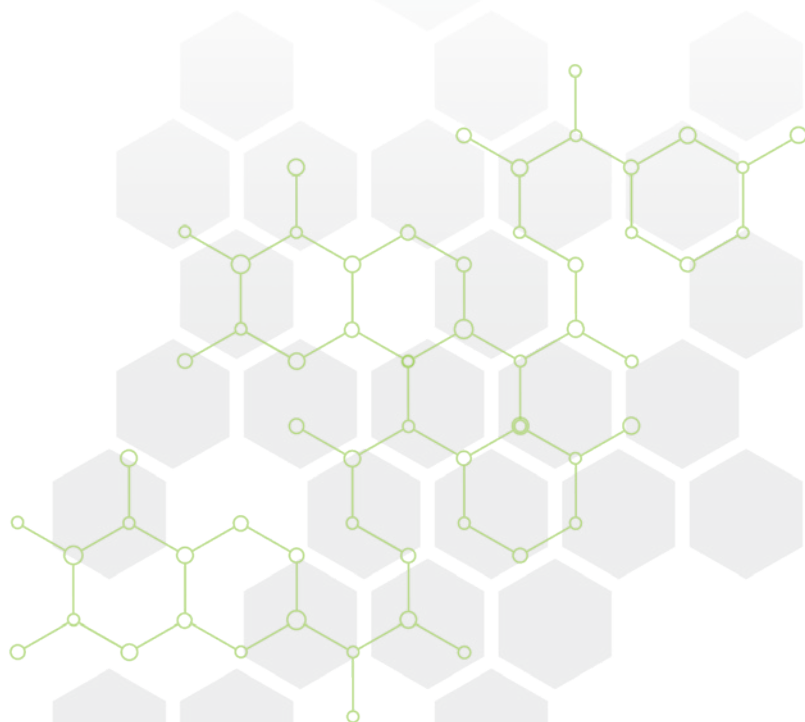
During the financial year, the Company paid a premium in respect of a contract to insure its Directors and executives against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

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	2026	2025
Number of options or rights on issue over unissued ordinary shares	3,000,000	600,000
Shares issued in the period as the result of the exercise of options or rights	600,000	50,000
	3,600,000	650,000

Full details of options or rights on issue are shown in note 23 and 24.

Non-audit services

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

Auditor's independence declaration

The Auditor's Declaration of Independence for the year ended 30 June 2026 is on page 28.

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.

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>

Auditors

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

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 2026 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 December 2025, the Remuneration Committee met and approved a salary increase for Executive Andrew Just from \$300,000 per annum to \$311,400 per annum, excluding superannuation. The Board determined that a discretionary incentive would be available to Executive Andrew Just at the end of FY2026 of up to a million PRs, subject to the Company achieving a 15-day volume-weighted average share price (VWAP) of at least \$0.50, and EBITDA of no less than 10% of sales for the financial year. During the financial year ended 30 June 2026 no amounts were paid to executive for discretionary incentive.

d) Short-term incentives (STI)

During the financial year ended 30 June 2026 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 2026 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 AGMs held on 29 November 2018, 27 January 2022 and 27 November 2025. 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:

2026 Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
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
	54,257,939	-	-	-	54,257,939
2025 Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
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

2026 Options and rights	Balance at start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
SPECIFIED DIRECTORS					
Maurie Stang	-	1,000,000	-	-	1,000,000
Steven Kritzler	-	1,000,000	-	-	1,000,000
Abbie Widin	-	-	-	-	-
Jenny Harry	-	-	-	-	-
	-	2,000,000	-	-	2,000,000

SPECIFIED EXECUTIVES					
Andrew Just	-	-	-	-	-
	-	2,000,000	-	-	2,000,000

2025 Options and rights	Balance at start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
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 2026.

Regional Corporate Services Pty Ltd	2026 \$	2025 \$
The company and its controlled entities incur cost for services provided by Regional Corporate Services Pty Ltd		
Office and administration expenses	154,012	147,631
Insurance expenses	4,896	27,104
Rent	27,240	25,770
Distribution expenses	146,124	125,121
Corporate services	373,155	374,261
The company and its controlled entities provided services and sold products to Regional Corporate Services Pty Ltd	6,851	64,056
Mr M Stang is a Director and Shareholder of Regional Corporate Services Pty Ltd		
Novapharm Research (Australia) Pty Ltd	2026 \$	2025 \$
The Company and its controlled entities incur expenses for services provided by Novapharm Research (Australia) Pty Ltd		
Research and development	162,101	205,613
Patent and other expenses	17,526	27,737
The Company and its controlled entities transacted with Novapharm Research (Australia) Pty Ltd and invoiced them for providing supply chain functions	34,901	31,348
Mr M Stang and S Kritzler are Directors and Shareholders of Novapharm Research (Australia) Pty Ltd		
Teknik Lighting Solutions Pty Ltd	2026 \$	2025 \$
The Company and its controlled entities incurred distribution expenses to Teknik Lighting Solutions Pty Ltd	4,138	-
The Company and its controlled entities sold products to Teknik Lighting Solutions Pty Ltd	129,200	-
Mr M Stang is a Shareholder of Teknik Lighting Solutions Pty Ltd		

EnviroGuard Technologies Pty Ltd	2026 \$	2025 \$
The Company and its controlled entities purchased products from EnviroGuard Technologies Pty Ltd	20,828	85,034
Mr M Stang is a Director of EnviroGuard Technologies Pty Ltd and has an indirect beneficial interest in EnviroGuard Technologies Pty Ltd through a trust		
Mr S Kritzler has an indirect beneficial interest in EnviroGuard Technologies Pty Ltd through a trust		

Loan balance outstanding at the end of the period	2026 \$	2025 \$
Maurie Stang	4,544,383	2,028,922
Steve Kritzler	2,231,845	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		

Outstanding balances payable from purchase of services	2026 \$	2025 \$
Regional Corporate Services Pty Ltd	53,731	66,916
Teknik Lighting Solutions Pty Ltd	3,979	-
EnviroGuard Technologies Pty Ltd	-	-

Outstanding balances receivable for sales and services provided	2026 \$	2025 \$
Regional Corporate Services Pty Ltd	-	57,736
Novapharm Research (Australia) Pty Ltd	2,208	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		Total
	Salary and Directors' fees	STI Cash bonus	Non-monetary benefits	Super-annuation		Shares	Options and rights (Note (ii))	
2026	\$	\$	\$	\$	\$	\$	\$	\$
NON-EXECUTIVE DIRECTORS:								
Maurie Stang	81,081	-	-	8,919	-	-	24,128	114,128
Steven Kritzler	53,571	-	-	6,429	-	-	24,128	84,128
Abbie Widin	57,143	-	-	6,857	-	-	-	64,000
Jenny Harry	64,286	-	-	7,714	-	-	-	72,000
Executives (Note i)								
Andrew Just	305,700	-	-	30,000	-	-	-	335,700
	561,781	-	-	59,919	-	-	48,256	669,956

2025	Short-term benefits			Post-employment benefits	Termination payments	Equity based benefits		Total \$
	Salary and Directors' fees \$	STI Cash bonus \$	Non-monetary benefits \$	Super-annuation \$	\$	Shares \$	Options and rights (Note (ii)) \$	
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	-	-	-	342,293
	548,597	-	-	58,696	-	-	-	628,293

- 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 date 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 restated as market conditions were already included in the valuation.

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:	\$335,700 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) interfere 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 30 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.

	2026 \$	2025 \$	2024 \$	2023 \$	2022 \$
Profit (Loss) for the year attributable to owners of Aeris Environmental Ltd	(4,763,505)	(3,869,302)	(2,972,950)	(3,653,743)	(7,130,427)
Basic earnings per share (cents)	(1.93)	(1.57)	(1.21)	(1.49)	(2.92)
Increase/(decrease) in share price (%)	(11.00)%	(40.00)%	148.00%	(47.92)%	(68.00)%
Total KMP incentives as percentage of profit/(loss) for the year (%)	(14.06)%	(16.24)%	(19.79)%	(16.09)%	(10.47)%

Share options and performance rights

On 17 December 2025, 3,000,000 options were issued to two Directors, Maurie Stang and Steven Kritzler and a substantial shareholder Bernard Stang (being 1,000,000 options each) as partial consideration for loans to the Company. The options have an exercise price of \$0.20 and will expire on 27 November 2029. The issue of these options was approved by shareholders at Aeris' Annual General Meeting (AGM) held on 27 November 2025. (2025: nil options and performance rights).

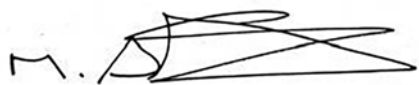
No options issued to KMP expired or were forfeited during the years 2026 and 2025.

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

28 August 2026

Non-Executive Director and Chairman

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Aeris Environmental Ltd

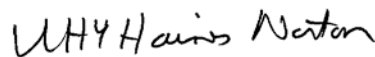
I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2026, there have been:

- (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.



Matthew Pope
Partner
Sydney
Dated 28 August 2026



UHY Haines Norton
Chartered Accountants

Audit | Tax | Advisory

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FINANCIAL STATEMENTS

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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 28 August 2026. The Directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

		Consolidated 2026 \$	Consolidated 2025 \$
	Note		
REVENUE	5	3,080,328	3,260,541
Expenses			
Research and development and patent expense	6	(357,673)	(499,356)
Employee benefits expense	6	(1,777,610)	(1,824,883)
Depreciation and amortisation expense	6	(77,381)	(81,470)
Impairment of assets	6	(87,759)	5,096
Finance costs	6	(796,486)	(299,262)
Cost of sales		(1,448,674)	(1,591,711)
Distribution		(537,241)	(572,103)
Sales, Marketing and Travel expenses		(410,248)	(304,465)
Occupancy	6	(208,309)	(164,274)
Administration	6	(2,965,537)	(2,511,907)
Loss before income tax benefit		(5,586,590)	(4,583,794)
Income tax benefit	7	419,427	461,536
Loss after income tax benefit for the year attributable to the owners of Aeris Environmental Ltd	20	(5,167,163)	(4,122,258)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		(12,969)	11,767
Other comprehensive income for the year, net of tax		(12,969)	11,767
Total comprehensive loss for the year attributable to the owners of Aeris Environmental Ltd		(5,180,132)	(4,110,491)
Loss for the year is attributable to:			
Owners of Aeris Environmental Ltd		(4,763,505)	(3,869,305)
Non-controlling interests		(403,658)	(252,953)
		(5,167,163)	(4,122,258)
Total comprehensive loss for the year is attributable to:			
Owners of Aeris Environmental Ltd		(4,776,474)	(3,857,538)
Non-controlling interests		(403,658)	(252,953)
		(5,180,132)	(4,110,491)
		Cents	Cents
Basic earnings per share	22	(1.93)	(1.57)
Diluted earnings per share	22	(1.93)	(1.57)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Note	2026 \$	Consolidated 2025 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	2,047,879	882,993
Trade receivables	9	2,061,256	1,141,977
Inventories	10	766,805	770,475
Other current assets	11	240,189	377,880
Total current assets		5,116,129	3,173,325
Non-current assets			
Plant and equipment		22,275	35,262
Right-of-use assets	12	68,695	123,234
Intangible assets		3,200	4,266
Total non-current assets		94,170	162,762
Total assets		5,210,299	3,336,087
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,771,834	1,769,616
Lease liabilities	14	34,616	57,515
Provisions	15	239,692	223,716
Borrowings	16	12,343,904	-
Total current liabilities		14,390,046	2,050,847
Non-current liabilities			
Borrowings	16	-	5,333,375
Lease liabilities	17	38,440	67,982
Total non-current liabilities		38,440	5,401,357
Total liabilities		14,428,486	7,452,204
Net liabilities		(9,218,187)	(4,116,117)
EQUITY			
Issued capital	18	62,526,306	62,520,806
Reserves	19	1,971,293	1,911,700
Accumulated losses	20	(73,059,175)	(68,295,670)
Equity attributable to owners of Aeris Environmental Ltd		(8,561,576)	(3,863,164)
Non-controlling interest		(656,611)	(252,953)
Total equity		(9,218,187)	(4,116,117)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

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 24)	-	21,800	-	-	21,800
Balance at 30 June 2025	62,520,806	1,911,700	(68,295,670)	(252,953)	(4,116,117)

Consolidated	Issued capital \$	Other Reserves \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2025	62,520,806	1,911,700	(68,295,670)	(252,953)	(4,116,117)
Loss after income tax benefit for the year	-	-	(4,763,505)	(403,658)	(5,167,163)
Other comprehensive income for the year, net of tax	-	(12,969)	-	-	(12,969)
Total comprehensive income/(loss) for the year	-	(12,969)	(4,763,505)	(403,658)	(5,180,132)
Shares issued	5,500	-	-	-	5,500
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:					
Share-based payments (note 24)	-	72,562	-	-	72,562
Balance at 30 June 2026	62,526,306	1,971,293	(73,059,175)	(656,611)	(9,218,187)

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

		Consolidated	
	Note	2026 \$	2025 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,646,355	3,123,851
Payments to suppliers and employees (inclusive of GST)		(7,711,603)	(7,613,388)
R&D tax offset received		64,716	200,822
		(5,000,532)	(4,288,715)
Interest received		16,498	24,041
Interest and other finance costs paid		(44,678)	(14,652)
Net cash used in operating activities	34	(5,028,712)	(4,279,326)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(10,653)	(10,272)
Net cash used in investing activities		(10,653)	(10,272)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and other equity securities		5,500	-
Repayment of lease liabilities		(71,280)	(68,343)
Loans from Directors and a Shareholder		5,500,000	3,831,376
Loans from Joint Venture Partner		783,000	408,000
Net cash from financing activities		6,217,220	4,171,033
Net increase (decrease) in cash and cash equivalents		1,177,855	(118,565)
Cash and cash equivalents at the beginning of the financial year		882,993	989,791
Effects of exchange rate changes on cash and cash equivalents		(12,969)	11,767
Cash and cash equivalents at the end of the financial year	8	2,047,879	882,993

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2026

Note 1. Material accounting policies

Corporate information

The financial report of Aeris Environmental Ltd (the Group) for the year ended 30 June 2026 was authorised for issue in accordance with a resolution of the Directors on 28 August 2026.

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 2026 of \$5,586,590 (2025: loss before income tax of \$4,583,794). As at 30 June 2026, the current liabilities exceeded the current assets by \$9,273,917 (2025: current assets exceeded the current liabilities by \$1,122,478). The net liabilities as at 30 June 2026 were \$9,218,187 (2025: net liabilities of \$4,116,117). The Group's cash flow from operating activities for the financial year ended 30 June 2026 was an outflow of \$5,028,712 (2025: cash outflow from operating activities of \$4,279,326). The Group held cash as at 30 June 2026 of \$2,047,879 (2025: \$882,993).

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. This uncertainty is compounded by the Group's borrowings due to Directors and shareholders that have been classified from non-current to current per the repayment terms. 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 sales budget expected to yield material growth as several new products are slated to be introduced. A key mitigating factor is the Directors' intention to negotiate an extension of the repayment terms of the Director and shareholder borrowings, which would reduce the Group's near-term liquidity requirements. If the borrowings were extended out at year end, the current assets of the Group would exceed its current liabilities by \$3,069,987 as at 30 June 2026.

Notwithstanding the above, the Group remains dependent on capital raisings, whether by way of equity or additional debt, to continue to operate. The Group has investigated funding options, including a capital raise in 2026. In the event the Group does not raise sufficient funds to meet its current cash flow forecasts, the Group will need to further reduce its expenditure to be able to pay its debts as and when they are due.

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 31.

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 2026 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:

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 performance obligation 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 32. 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.

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 - 60 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.

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

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 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.

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 24.

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.

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.

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:

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 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.

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 limited 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

The group has a fixed rate related party borrowings of 10% for an amount totalling to \$11,152,904. Another related party borrowing of \$1,191,000 is non-interest bearing. 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.

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 2026 the most significant client accounts for approximately 37% (2025: 6%) of the consolidated entity's external revenue through Australian Sales and Services operating segment. This customer relationship continues to be an important contributor to the Company's financial performance.

The Company maintains a diversified customer base across multiple geographies; however, revenue concentration with key strategic customers can fluctuate year-to-year based on contract timing and market conditions. Management monitors customer concentration risk as part of its broader risk management framework and engages proactively with major customers to support long-term commercial relationships.

Operating segment information of the consolidated entity

2026	Australia \$	International \$	Intersegment eliminations \$	Consolidated \$
REVENUE				
Sales	3,075,099	219,728	(324,686)	2,970,141
Other income	100,096	216,277	(206,185)	110,188
Total Revenue	3,175,195	436,005	(530,871)	3,080,329
EXPENSES				
Cost of goods sold	(1,638,891)	(134,469)	324,686	(1,448,674)
Operating expenses	(7,128,779)	(540,163)	450,697	(7,218,245)
Total Expenses	(8,767,670)	(674,632)	775,383	(8,666,919)
Profit (Loss) before tax	(5,592,475)	(238,627)	244,512	(5,586,590)

2025	Australia \$	International \$	Intersegment eliminations \$	Consolidated \$
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)

Segment assets and liabilities

	Assets 2026	Assets 2025	Liabilities 2026	Liabilities 2025
Australia	8,423,199	5,608,278	19,145,494	11,221,743
International	1,130,905	1,075,132	5,929,692	5,935,533
Intersegment elimination	(4,343,805)	(3,347,322)	(10,646,700)	(9,705,075)
Consolidated	5,210,299	3,336,088	14,428,486	7,452,201

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 2026	Australia 2025	International 2026	International 2025
Segment revenue	3,075,098	3,133,007	219,728	81,784
Intersegment elimination	(324,686)	(184,494)	-	-
Revenue from external customers	2,750,412	2,948,513	219,728	81,784

TIMING OF REVENUE RECOGNITION

At a point in time	2,452,517	1,736,072	219,728	81,784
Over time	297,895	1,212,441	-	-
	2,750,412	2,948,513	219,728	81,784

Note 5. Revenue

	Consolidated	
	2026 \$	2025 \$
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from sales	2,672,245	1,817,856
Revenue from services	297,895	1,212,441
	2,970,140	3,030,297
OTHER REVENUE		
Financial revenue	15,791	24,075
Other revenue	94,397	206,169
	110,188	230,244
Revenue	3,080,328	3,260,541

Note 6. Expenses

	Consolidated	
	2026 \$	2025 \$
Profit (loss) before income tax includes the following specific expenses:		
DEPRECIATION AND AMORTISATION		
Plant and equipment	21,775	27,832
Right-of-use assets	54,539	52,571
Intangibles	1,067	1,067
Total depreciation and amortisation	77,381	81,470
EMPLOYMENT BENEFIT EXPENSES		
Base salary and fees	1,461,123	1,568,598
Superannuation & statutory costs	221,760	205,578
Share based payment	72,562	21,800
Other employment expenses	22,165	28,907
Total employment benefits expenses	1,777,610	1,824,883
FINANCE COSTS		
Interest, bank fees and other financial expenses	796,486	299,262
ADMINISTRATION		
Compliance cost	1,059,583	943,275
Corporate and Overheads	1,726,495	1,382,649
Insurance	94,798	111,178
IT and Maintenance	84,661	74,805
Total administration	2,965,537	2,511,907
OTHER EXPENSES		
Impairment of receivables	1,270	4,174
Impairment of inventory	86,489	(5,096)
Rental & occupancy expenses	208,309	164,274
Research and development and patent expenses	357,673	499,355

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	
	2026	2025
	\$	\$
INCOME TAX BENEFIT		
Current tax	(419,427)	(461,536)
Aggregate income tax benefit	(419,427)	(461,536)
NUMERICAL RECONCILIATION OF INCOME TAX BENEFIT AND TAX AT THE STATUTORY RATE		
Profit (Loss) for year	(5,586,590)	(4,583,794)
Income tax expense (benefit) at the Australian tax rate of 25%	(1,396,647)	(1,145,949)
Impact of overseas tax rates	(8,166)	(16,992)
R&D tax offset receivable - Current year	(534,479)	(560,341)
R&D tax offset receivable - Prior year adjustment	121,660	98,807
Temporary differences and tax losses not recognised	1,072,893	835,364
OTHER PERMANENT DIFFERENCES		
Share-based payments	18,140	5,450
R&D Expenditure	307,172	322,035
Entertainment	-	90
Income tax expense (benefit) attributable to profit (loss)	(419,427)	(461,536)

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

- Australia 25%
- UK 19%
- USA (Including state taxes) 28.49%
- 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 was 19%, China and Australian entities were 25% and the US entity was 28.49%.

	Consolidated	
	2026	2025
	\$	\$
DEFERRED TAX ASSETS TAX LOSSES		
Australian Tax Revenue Losses	43,925,624	39,905,581
Unused Australian tax losses for which no deferred tax asset has been recognised potential tax benefit @ 25%	10,981,406	9,976,395
US Tax Revenue Losses	5,385,551	5,386,031
Unused US tax losses for which no deferred tax asset has been recognised potential tax benefit @ 29.99%	1,399,705	1,615,271
UK Tax Revenue Losses	185,977	176,112
Unused UK tax losses for which no deferred tax asset has been recognised potential tax benefit @ 25%	43,705	44,028
China Tax Revenue Losses	28,167	75,901
Unused China tax losses for which no deferred tax asset has been recognised potential tax benefit @ 25%	7,042	18,975
Unused tax losses available for offset against future tax payable	12,431,858	11,654,669
TEMPORARY DIFFERENCES		
Provision for doubtful debts	-	81,158
Provision for inventory impairment	623,470	605,860
Provision for employee entitlements	59,923	55,929
Difference between book and tax values of fixed assets	4,094	4,023
Difference between book and tax values of intangible assets	22,584	25,215
Accruals	207,409	189,020
Other (Blackhole Expenditure)	445	593
Future lease obligations	18,264	31,374
	936,189	993,172
Total deferred tax assets	13,368,047	12,647,841
DEFERRED TAX LIABILITIES		
Right of use asset	(18,424)	(30,809)
Total deferred tax liabilities	(18,424)	(30,809)
Net deferred tax asset not recognised	13,349,623	12,617,032

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.

(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	
	2026	2025
	\$	\$
Cash at bank and on hand	2,047,879	882,993
	2,047,879	882,993

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	
	2026	2025
	\$	\$
Trade receivables	1,075,915	840,842
Less: Allowance for expected credit losses	-	(324,630)
	1,075,915	516,212
R&D tax offset rebate receivable	985,341	625,765
	2,061,256	1,141,977

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

Allowance for expected credit losses

For the 2026 and 2025 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:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2026 %	2025 %	2026 \$	2025 \$	2026 \$	2025 \$
Consolidated						
Current < 60 days	-	-	604,610	458,576	-	-
Past due > 60 days	-	-	130,219	30,552	-	-
Past due > 90 days		92%	341,086	351,714	-	324,630
			1,075,915	840,842	-	324,630
					Consolidated	
					2026 \$	2025 \$
Less than 6 months overdue					-	-
More than 6 months overdue					-	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					(1,270)	(4,174)
MOVEMENTS IN THE ALLOWANCE FOR EXPECTED CREDIT LOSSES ARE AS FOLLOWS:						
Opening balance					324,630	324,630
Additional provision recognised					-	-
Receivables written off during the year as uncollectible					(324,630)	-
Closing balance					-	324,630

Note 10. Current assets - inventories

	Consolidated	
	2026 \$	2025 \$
Inventories - at cost	3,248,429	3,176,114
Less: Provision for impairment	(2,481,624)	(2,405,639)
	766,805	770,475

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

Note 11. Current assets - other

	Consolidated	
	2026 \$	2025 \$
Prepayments	165,343	183,219
Deposits, bonds and other receivables	10,921	13,210
GST receivables	63,925	181,451
	240,189	377,880

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

Note 12. Non-current assets - right-of-use assets

	Consolidated	
	2026 \$	2025 \$
Land and buildings - right-of-use	266,827	261,827
Less: Accumulated depreciation	(198,132)	(138,593)
	68,695	123,234

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 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
Additions	5,000	5,000
Depreciation expense	(59,539)	(59,539)
Balance at 30 June 2026	68,695	68,695

Refer to note 17 for further information on lease liabilities.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2026	2025
	\$	\$
Trade payables	835,612	936,865
GST and PAYG payable	54,211	71,420
Accrued expenses	882,011	761,331
	1,771,834	1,769,616

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 14. Current liabilities - lease liabilities

	Consolidated	
	2026	2025
	\$	\$
Lease liabilities	34,616	57,515

Refer to note 17 for further information on non-current lease liabilities and note for further information on financial instruments.

Note 15. Current liabilities - provisions

	Consolidated	
	2026	2025
	\$	\$
Annual leave	189,792	172,694
Long service leave	49,900	51,022
	239,692	223,716

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

Note 16. Current and non-current liabilities - borrowings

	2026			2025		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Loans from Directors and a Shareholder*	11,152,904	-	11,152,904	-	4,925,375	4,925,375
Loan from Joint Venture partner**	1,191,000	-	1,191,000	-	408,000	408,000
Total borrowings	12,343,904	-	12,343,904	-	5,333,375	5,333,375

*As of 30 June 2026 Aeris' total loan facilities are \$10,168,625, with a capitalised interest of \$984,280 bringing a total loan of \$11,152,904. 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. The loan balances, inclusive of capitalised interest, as of 30 June 2026, are \$4,544,383 for Non-Executive Director Maurie Stang, \$2,231,845 for Non-Executive Director Steven Kritzler and \$4,376,676 for the Company's substantial shareholder Bernard Stang. 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. On 17 December 2025, 3,000,000 options were issued following shareholder approval. In addition, 7,000,000 contractually entitled options remain unissued, as they require shareholder approval at the 2026 AGM.

**Loan with Cognian Technologies Ltd is subject to the JV Deed Agreement dated 1 October 2024. The loan is interest free and has a maturity date of 30 June 2027.

Note 17. Non-current liabilities - lease liabilities

	Consolidated	
	2026	2025
	\$	\$
Lease liabilities	38,440	67,982

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 14.

	2026	2025
	\$	\$
THE FINANCIAL STATEMENTS SHOW THE FOLLOWING AMOUNTS RELATING TO LEASES:		
Depreciation	54,539	52,571
Interest expense (included in finance cost)	7,217	3,853
Value of Right-of-Use asset	73,695	123,234
Expense relating to short-term leases (included in occupancy expenses)	-	-
Total cash flows for leases	71,280	68,343

Note 18. Equity - issued capital

	2026 Shares	2025 Shares	Consolidated 2026 \$	2025 \$
Ordinary shares - fully paid	246,594,551	245,994,551	62,526,306	62,520,806

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	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
Shares issued on exercise of options**		550,000	0.01	5,500
Shares issued on conversion of performance rights*		50,000		-
Balance - no par value	30 June 2026	246,594,551		62,526,306

*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) vested on 10 October 2025 and exercised on 12 November 2025.

**550,000 options that were issued to consultant Tim Fortin in July 2022 vested on the date of issue and exercised on 22 August 2025.

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 19. Equity - reserves

Movements in reserves

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

Movements:	Consolidated	
	2026	2025
	\$	\$
Share-based payments reserve	2,061,873	1,989,311
Foreign currency translation reserve	(90,580)	(77,611)
	1,971,293	1,911,700

Consolidated	Share-based payments	Foreign currency translation	Total
	\$	\$	\$
Balance at 1 July 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
Key Management Personnel	-	-	-
Utilized for share issue	-	-	-
Balance at 30 June 2025	1,989,311	(77,611)	1,911,700
Foreign currency translation	-	(12,969)	(12,969)
SHARE BASED PAYMENTS DURING THE YEAR ALLOCATED TO:			
Key Management Personnel	72,562	-	72,562
Balance at 30 June 2026	2,061,873	(90,580)	1,971,293

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 20. Equity - accumulated losses

	Consolidated	
	2026	2025
	\$	\$
Accumulated losses at the beginning of the financial year	(68,295,670)	(64,426,364)
Loss after income tax benefit for the year	(5,167,163)	(4,122,259)
Non-controlling interest	403,658	252,953
Accumulated losses at the end of the financial year	(73,059,175)	(68,295,670)

Note 21. Equity - dividends

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

Note 22. Earnings per share

	Consolidated	
	2026	2025
	\$	\$
Loss after income tax attributable to the owners of Aeris Environmental Ltd	(5,167,163)	(4,122,258)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	246,497,838	245,838,386
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS*	246,497,838	245,838,386
	Cents	Cents
Basic loss per share (cents)	(1.93)	(1.57)
Diluted loss per share (cents)	(1.93)	(1.57)

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

	Number	Number
Performance rights over ordinary shares to Consultants	-	50,000
Options over ordinary shares to Consultants	-	550,000
Options over ordinary shares to Directors	2,000,000	-
Options over ordinary shares to Shareholder	1,000,000	-
	3,000,000	600,000

*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 2026.

Note 23. 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 were 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% vested on 10 October 2025 and exercised on 12 November 2025.

Note 24. 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:

Employee Share Option Plan	Consolidated	
	2026 \$	2025 \$
Employees and consultant	-	21,800
Key Management Personnel	72,562	-
Total arising from share-based payment transactions	72,562	21,800

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 2026 and 2025.

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.

Particulars of options or performance rights granted over unissued shares:

	Options		Rights	
	2026	2025	2026	2025
OPTIONS OR RIGHTS ON ISSUE:				
Employees and consultants	-	550,000	-	50,000
Key management personnel	-	-	-	-
	-	550,000	-	50,000
OPTIONS OR RIGHTS GRANTED DURING THE YEAR:				
Employees and consultants	-	-	-	-
Key management personnel*	2,000,000	-	-	-
Shareholder*	1,000,000	-	-	-
	3,000,000	-	-	-
SHARES ISSUED AS A RESULT OF EXERCISE OF OPTIONS OR RIGHTS:				
Employees and consultants**	550,000	-	50,000	50,000
OPTIONS OR RIGHTS EXPIRED OR FORFEITED:				
	-	-	-	-
Weighted average remaining contractual life	3.41 years	0.00 years	0.00 years	0.00 years
Weighted average range of exercise prices	\$.20	-	-	-

*On 17 December 2025, 3,000,000 options were issued to two Directors, Maurie Stang and Steven Kritzer and a substantial shareholder Bernard Stang (being 1,000,000 options each) as partial consideration for loans to the Company. The options have an exercise price of \$0.20 and will expire on 27 November 2029. The issue of these options was approved by shareholders at Aeris AGM held on 27 November 2025.

**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 were 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% vested on 10 October 2025 and exercised on 12 November 2025.

Note 25. 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.

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	
	2026	2025
	\$	\$
Trade receivables	1,075,915	516,211
R&D tax offset rebate receivable	985,341	625,765
Deposits, bonds and other receivables	10,921	13,210
Deposits with ANZ Bank, AU	1,904,583	784,395
Deposits with NAB, AU	111,034	42,672
Deposits with Wise, AU	689	12,111
Deposits with Wise, USA	22,483	17,998
Deposits with JP Morgan Chase, USA	1,713	-
Deposits with Bank of America, USA	-	6,313
Deposits with Bank of China, China	5,443	15,626
Deposits with World First Bank, UK	1,934	3,878
	4,120,056	2,038,179

(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.

Maturity analysis - 2026	Undiscounted Cash flows \$	< 6 months \$	6-12 months \$	1-3 years \$	>3 years \$	Carrying values \$
FINANCIAL ASSETS						
Cash and cash equivalents	2,047,879	2,047,879	-	-	-	2,047,879
Trade and other receivables	1,075,915	1,075,915	-	-	-	1,075,915
R&D tax offset rebate receivable	985,341	485,341	500,000	-	-	985,341
Security deposits	10,921	-	-	10,921	-	10,921
	4,120,056	3,609,135	500,000	10,921	-	4,120,056
FINANCIAL LIABILITIES						
Trade payables	(835,612)	(835,612)	-	-	-	(835,612)
Other payables	(882,011)	(882,011)	-	-	-	(882,011)
Borrowings	(12,343,904)	-	(12,343,904)	-	-	(12,343,904)
Lease liabilities	(78,720)	(19,380)	(39,360)	(19,980)	-	(73,056)
	(14,140,247)	(1,737,003)	(12,383,264)	(19,980)	-	(14,134,583)
Net Maturity	(10,020,191)	1,872,132	(11,883,264)	(9,059)	-	(10,014,527)

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	(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)

(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:

2026	Notes	Weighted Average Interest Rates	Floating Interest Rates	Fixed Interest Rates	Non- Interest Bearing	Total
FINANCIAL ASSETS						
Cash and cash equivalents	8	3.48%	1,904,376	-	143,504	2,047,880
Trade and other receivables	9	0.00%	-	-	2,061,256	2,061,256
Total assets			1,904,376	-	2,204,760	4,109,136
FINANCIAL LIABILITIES						
Trade and other payables	13	0.00%	-	-	(889,824)	(889,824)
Borrowings	16	10.00%	-	(11,152,904)	(1,191,000)	(12,343,904)
Lease liabilities	14, 17	7.22%	-	(73,056)	-	(73,056)
Total liabilities			-	(11,225,960)	(2,080,824)	(13,306,784)
			1,904,376	(11,225,960)	123,936	(9,197,648)

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	13	0.00%	-	-	(1,769,616)	(1,769,616)
Borrowings	16	10.00%	-	(4,925,375)	(408,000)	(5,333,375)
Lease liabilities	14, 17	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)

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%.

	2026				2025			
	Balance in denominated currency	Balance in functional currency	Sensitivity	Equity Change	Balance in denominated currency	Balance in functional currency	Sensitivity	Equity Change
US Dollar	(3,753,320)	(5,444,652)	10%	494,968	(3,576,697)	(5,460,122)	10%	496,375
Chinese Yuan	3,836,161	819,334	10%	(74,485)	3,684,984	784,933	10%	(71,358)
Euro	-	-	10%	-	(7,457)	(13,368)	10%	1,215
GBP	(90,290)	(173,469)	10%	15,770	(82,075)	(171,844)	10%	15,622

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 26. 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	
	2026	2025
	\$	\$
Short-term employee benefits	562,566	548,597
Post-employment benefits	59,134	58,696
Share-based payments	48,256	21,000
	669,956	628,293

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

Note 27. Remuneration of auditors

	Consolidated	
	2026	2025
	\$	\$
REMUNERATION OF UHY HAINES NORTON FOR -		
Audit of the annual financial report	68,270	65,520
Review of the half yearly financial report	31,334	30,375
	99,604	95,895

Note 28. Contingent liabilities

There are no contingent liabilities identified as at balance date 30 June 2026 (2025 contingent liabilities nil).

Note 29. Commitments for expenditure

There are no commitments for expenditure identified as at balance date 30 June 2026 (2025 commitments for expenditure nil).

Note 30. Related party transactions

Parent entity

Aeris Environmental Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

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 2026.

	Consolidated	
	2026	2025
	\$	\$
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	154,012	147,631
Insurance expenses	4,896	27,104
Rent	27,240	25,770
Distribution expenses	146,124	125,121
Corporate services	373,155	374,261
The company and its controlled entities provided services and sold products to Regional Corporate Services Pty Ltd		
	6,851	64,056
Mr M Stang is a Director and Shareholder of Regional Corporate Services Pty Ltd		

	Consolidated	
	2026	2025
	\$	\$
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	162,101	205,613
Patent and other expenses	17,526	27,737
The Company and its controlled entities transacted with Novapharm Research (Australia) Pty Ltd and invoiced them for providing supply chain functions		
	34,901	31,348
Mr M Stang and S Kritzler are Directors and Shareholders of Novapharm Research (Australia) Pty Ltd		

	Consolidated	
	2026	2025
	\$	\$
Teknik Lighting Solutions Pty Ltd		
The Company and its controlled entities incurred distribution expenses to Teknik Lighting Solutions Pty Ltd		
	4,138	-
The Company and its controlled entities sold products to Teknik Lighting Solutions Pty Ltd		
	129,200	-
Mr M Stang is a Shareholder of Teknik Lighting Solutions Pty Ltd		

EnviroGuard Technologies Pty Ltd	Consolidated	
	2026 \$	2025 \$
The Company and its controlled entities purchased products from EnviroGuard Technologies Pty Ltd	20,828	85,034
Mr M Stang is a Director of EnviroGuard Technologies Pty Ltd and has an indirect beneficial interest in EnviroGuard Technologies Pty Ltd through a trust		
Mr S Kritzler has an indirect beneficial interest in EnviroGuard Technologies Pty Ltd through a trust		

Loans to/from related parties

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

Loan balance outstanding at the end of the period	Consolidated	
	2026 \$	2025 \$
Maurie Stang	4,544,383	2,028,922
Steve Kritzler	2,231,845	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		

Outstanding balances payable from purchase of services	Consolidated	
	2026 \$	2025 \$
Regional Corporate Services Pty Ltd	53,731	66,916
Teknik Lighting Solutions Pty Ltd	3,979	-
EnviroGuard Technologies Pty Ltd	-	-

Outstanding balances receivable for sales and services provided	Consolidated	
	2026 \$	2025 \$
Regional Corporate Services Pty Ltd	-	57,736
Novapharm Research (Australia) Pty Ltd	2,208	2,681

Note 31. Parent entity information

	Parent 2026 \$	Parent 2025 \$
Current assets	5,983,418	3,563,133
Total assets	7,074,702	4,729,588
Current liabilities	(14,271,030)	(2,871,313)
Total liabilities	(14,309,470)	(7,864,671)
Issued capital	62,526,226	62,520,726
Accumulated losses	(71,822,867)	(67,645,119)
Share-based payments reserve	2,061,873	1,989,311
	(7,234,768)	(3,135,082)
Net profit (loss) after tax for the period	(4,158,331)	(3,215,047)
Total comprehensive loss for the period	(4,171,305)	(3,203,280)

Note 32. 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 2026 %	Ownership interest 2025 %
Aeris Pty Ltd	Australia	100.00%	100.00%
AerisTech Pty Ltd*	Australia	60.00%	60.00%
Aeris Hygiene Services Pty Ltd	Australia	100.00%	100.00%
Aeris Environmental LLC	USA	100.00%	100.00%
Aeris Cleantech Europe Ltd**	Malta	0.00%	100.00%
Aeris Environmental (UK) Ltd	UK	100.00%	100.00%
Shanghai Aeris Environmental Technology Co. Ltd	China	100.00%	100.00%

*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 1 October 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.

**Aeris ceased operations in Aeris Cleantech Europe Ltd and the company was deregistered on 25 February 2025. Any remaining balances have been released through FY26 to remove it from the consolidated group.

Note 33. Subsequent events

There have been no matters or circumstances, which have arisen since 30 June 2026 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2026, of the consolidated entity; or
- (b) the results of those operations;
- (c) the state of affairs, in the financial years subsequent to 30 June 2026, of the consolidated entity.

Note 34. 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	
	2026	2025
	\$	\$
Cash at bank and on hand	2,047,879	882,993
Loss after income tax benefit for the year	(4,763,505)	(3,869,302)
NCI share of loss	(403,658)	(252,953)
Net loss after tax attributable to owners of Aeris Environmental Ltd	(5,167,163)	(4,122,255)
ADJUSTMENTS FOR:		
Depreciation and amortisation	77,380	81,470
Impairment of current assets	87,759	(5,096)
Interest on lease liability	7,217	3,853
Share-based payments	72,562	21,800
Other adjustments	536,287	18,840
CHANGE IN OPERATING ASSETS AND LIABILITIES:		
Decrease/(increase) in trade receivables and other receivables*	244,851	(496,573)
Decrease/(Increase) in inventories**	3,670	(998)
Decrease/(Increase) in other operating assets	(697,635)	(133,988)
Increase/(Decrease) in trade and other payables	(209,616)	297,727
Increase/(Decrease) in employee benefits	15,976	55,894
Net cash used in operating activities	(5,028,712)	(4,279,326)

*Bad debts to the amount of \$1,270 was written off during the year.

**Inventory to the amount of \$96,923 was written off during the year.

Note 35. Additional company information

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

Principal registered office and principal place of business

Level 1, 5/26-34 Dunning Avenue

Rosebery

NSW 2018

CONSOLIDATED ENTITY

DISCLOSURE STATEMENT

AS AT 30 JUNE 2026

Name of entity	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
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	-	-	Malta	Foreign	Malta
Aeris Environmental (UK) Ltd	Body corporate	-	100%	United Kingdom	Foreign	United Kingdom
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 1 October 2024, Aeris Environmental Ltd entered a joint venture with Cognian Technologies Ltd. Aeris Environmental Ltd retained 60% ownership of AerisTech Pty Ltd.
- iii) Aeris ceased operations in Aeris Cleantech Europe Ltd and the company was deregistered on 25 February 2025. Any remaining balances have been released through FY26 to remove it from the consolidated group.

The ultimate controlling entity of the Group is Aeris Environmental Ltd. The Group's consolidated entity disclosure statement as at 30 June 2026 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.

DIRECTORS'

DECLARATION

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 2026 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

28 August 2026



INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
AERIS ENVIRONMENTAL LTD**

30 JUNE 2026

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 2026, 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 2026 and of its financial performance for the year ended on that date;
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- iii. the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act 2001 being true and correct.

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 \$5,586,590 during the year ended 30 June 2026 and, as of that date current liabilities exceeded current assets by \$9,273,917. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, 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
Refer to Note 5 of the financial report. 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
Refer to Note 10 of the financial report. As at 30 June 2026, the Group held \$0.77 million of inventories (after the impairment provision) (30 June 2025: \$0.77 million). This included gross inventory of \$3.2 million and a provision for impairment of \$2.4 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 assessed their reasonableness; ▶ 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 reasonableness 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 2026, 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.

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 18 to 27 of the annual report for the year ended 30 June 2026.

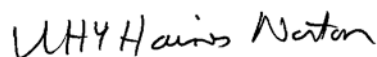
In our opinion, the Remuneration Report of A eris E nvironmental Ltd for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

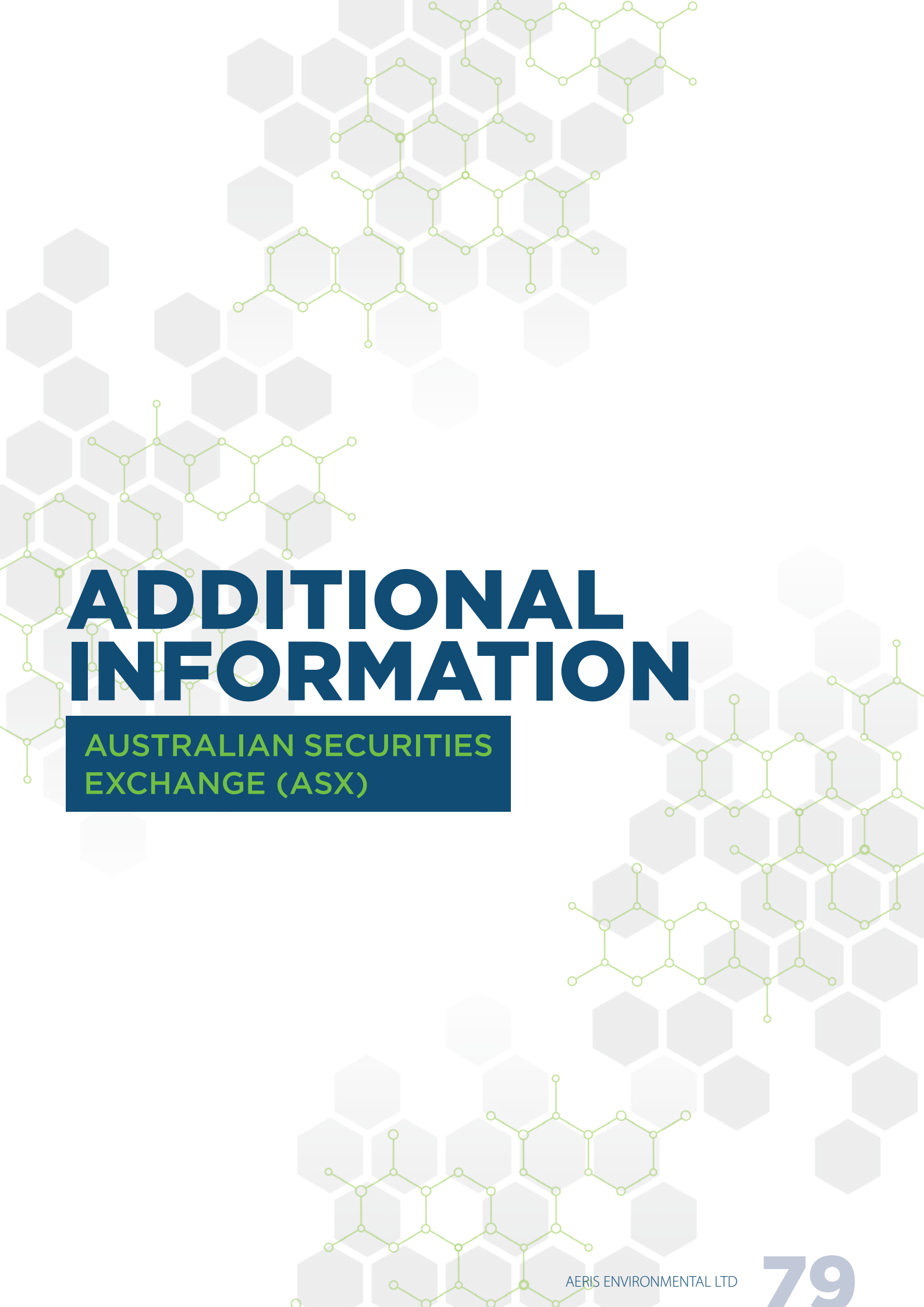
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian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



Matthew Pope
Partner
Sydney
Dated 28 August 2026



UHY Haines Norton
Chartered Accountants



ADDITIONAL INFORMATION

AUSTRALIAN SECURITIES
EXCHANGE (ASX)

Additional information required by ASX Listing Rule 4.10, and not disclosed elsewhere in this Annual Report, is detailed below. This information was prepared based on the Company's Share Registry information, its Options Register, ASX releases and the Company's Constitution.

Shareholding Information

Distribution of Shareholders

Analysis of the quoted fully paid ordinary shares by holding as at 9 September 2026:

Spread of Holdings	Number of Holders	Ordinary shares	% of Total Issued Capital
1 – 1,000	161	78,034	0.03
1,001 – 5,000	254	753,848	0.31
5,001 – 10,000	158	1,273,108	0.52
10,001 – 100,000	341	11,973,064	4.85
100,001 – 500,000	114	24,669,458	10.00
500,001 – 1,000,000	33	23,128,795	9.38
1,000,001 and over	46	184,718,244	74.91
Total	1,107	246,594,551	100.00

Based on the market price at 9 September 2026 there were 585 shareholders with **less than a marketable parcel** of \$500 worth of shares at a share price of \$0.044. There are 117,000 shares that are subject to Company imposed voluntary escrow.

Statement of Shareholdings as at 9 September 2026

The names of the 20 largest holders of fully paid ordinary shares are listed below:

Rank	Shareholder	Number of Shares	% Holding
1	Bernard Stang	22,866,084	9.27
2	Epitek Corporation Pty Limited	16,586,568	6.73
3	Maurie Stang	15,279,749	6.20
4	Steven Kritzler <S Kritzler Family A/C>	10,831,609	4.39
5	Steven Kenneth Kritzler	8,166,667	3.31
6	Netwealth Investments Limited <Wrap Services A/C>	7,888,934	3.20
7	Towns Corporation Pty Ltd <PAE Family A/C>	7,795,000	3.16
8	Kefford Holdings Pty Ltd <The Kefford Family A/C>	6,813,610	2.76
9	Energy Trading Systems Pty Ltd <MPF A/C>	5,529,411	2.24
10	Roufir Pty Limited <George Verebes Family A/C>	5,000,000	2.03
11	Paul Alexander Ehrlich + Lauren Stacey Ehrlich <PAE & LSE Super Fund A/C>	4,375,000	1.77
12	Meditasuper Pty Ltd <Medi Consumables P/L S/F A/C>	4,272,281	1.73
13	Seguro Super Pty Ltd <Seguro Super Fund A/C>	4,105,695	1.66
14	Development Management & Constructions Pty Ltd	3,916,353	1.59
15	Citicorp Nominees Pty Limited	3,502,220	1.42
16	John Milston	3,500,000	1.42
17	Lotsa Nominees Pty Ltd	3,333,333	1.35
18	BNP Paribas Noms Pty Ltd	3,253,245	1.32
19	Benlee Company Pty Ltd <The Benlee A/C>	3,168,283	1.28
20	BNP Paribas Nominees Pty Ltd <Ib Au Noms Retailclient>	3,049,558	1.24
Total of Top 20 Holdings		143,233,600	58.08
Other Holdings		103,360,951	41.92
Total Ordinary Shares		246,594,551	100.00

Unquoted Equity Securities as at 9 September 2026

For details of the unissued ordinary shares of the Company, refer below and to the “Particulars of options or rights granted over unissued shares” section of the Directors’ Report.

Number	Class – Unquoted Options	Number of Holders
3,000,000	1,000,000 options each, issued to two Directors (Maurie Stang and Steven Kritzler) and a Substantial Shareholder (Bernard Stang) on 17 December 2025, which expire (if not converted) on 27 November 2029, with an exercise price of \$0.20 and with no vesting conditions.	3
3,000,000	Total Options on Issue	3

Voting Rights

At general meetings of the Company, all fully paid ordinary shares carry one vote per share without restriction. On a show of hands, every member present at such meetings, or by proxy, shall have one vote and, upon a poll, each share shall have one vote. Option holders have no voting rights until their options convert.

Substantial Shareholders as at 9 September 2026

Substantial shareholders in Aeris Environmental Ltd, based on Substantial Shareholder Notices received by the ASX and the Company, are as follows:

Name	Number	Class	Voting Power
Bernard Stang	32,413,329	Ordinary fully paid shares	13.14%
Maurie Stang	32,088,487	Ordinary fully paid shares	13.04%
Steven Kenneth Kritzler	21,919,452	Ordinary fully paid shares	8.90%
Kefford Holdings Pty Ltd <The Kefford Family Trust>	13,124,463	Ordinary fully paid shares	5.32%

On-Market Buy-Back

There is no current on-market buy-back of shares in the Company.

CORPORATE DIRECTORY

Aeris Environmental Ltd

ACN: 093 977 336
ABN: 19 093 977 336

Directors

Maurie Stang	Non-Executive 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 and Principal Office

Unit 5, Level 1, 26-34 Dunning Avenue
Rosebery NSW 2018 Australia
Telephone: +61 2 8344 1315
Facsimile: +61 2 9697 0944
Email: info@aeris.com.au
Website: www.aeris.com.au

Share Registrar

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia
GPO Box 2975, Melbourne VIC 3001 Australia
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

Auditor

UHY Haines Norton
Level 9, 1 York Street, Sydney NSW 2000 Australia
GPO Box 4137, Sydney NSW 2001 Australia
Telephone: + 61 2 9256 6600
Website: <https://hainesnortonsydney.uhyanz.com.au>

Stock Exchange

The Company's fully paid ordinary shares are quoted on the official list of the Australian Securities Exchange (ASX Limited).

ASX Code

AEI

