

AERIS ENVIRONMENTAL LTD  
ACN 093 977 336

# 2022

ANNUAL REPORT





# CONTENTS



<b>01</b>	Chairman and CEO Report	2
<b>02</b>	Review of Operations	6
<b>03</b>	Directors' Report	10
<b>04</b>	Auditor's Independence Declaration	30
<b>05</b>	Consolidated Statement of Profit or Loss and Other Comprehensive Income	32
<b>06</b>	Consolidated Statement of Financial Position	34
<b>07</b>	Consolidated Statement of Changes in Equity	36
<b>08</b>	Consolidated Statement of Cash Flows	38
<b>09</b>	Notes to the Consolidated Financial Statements	40
<b>10</b>	Directors' Declaration	84
<b>11</b>	Independent Auditor's Report	86
<b>12</b>	Australian Securities Exchange (ASX) Additional Information	94
<b>13</b>	Corporate Directory	98



# Chairman and CEO Report



It is our pleasure to present you with the Company's Annual Report for the year ended 30 June 2021.

As outlined at Aeris' 2020 Annual General Meeting, the global COVID-19 pandemic has created new challenges and opportunities for the Company, its customers and distributors, and society in general. As the world transitions from the impact of COVID-19 to managing ways of living with the pandemic, Aeris has undertaken a fundamental review of its businesses, priorities and future strategic focus.

During the past year businesses have faced a number of significant issues in terms of supply chains, customer demands, pricing and the uncertainties of repeated lockdowns in key markets. The Company had re-allocated resources in the 2020-21 financial year to provide essential product requirements in the Australian hospital sector and experienced a dislocation in terms of its activities in China. The net result was an impact on revenue and a negative trading result in terms of profitability.

Notwithstanding the abovementioned headwinds, Aeris continued to invest in new and potentially-disruptive products, expanded its senior leadership team and is now re-entering the important Chinese market, with the Company's own wholly-owned foreign entity (WOFE) currently being established. In parallel, Aeris has significantly reorganised its commercial activities, with new distribution channels and partners, and a scalable pricing structure, and is redefining its international activities and partnerships to build annuity revenue. Supporting these initiatives are a number of new products and technologies, including the Company's important Aeris Defence range, which Aeris believes will set the new gold standard in hard surface disinfection and protection, addressing a global market with differentiated COVID-19 claims and efficacy.

Building on this momentum is the Company's launch of its Aeris bioactive filter treatment, which has been recently validated on the bus fleet of The Milwaukee Transport Transit Services in the USA. This proprietary technology provides a marked improvement in the minimum efficiency reporting value (MERV) filter rating, together

with an approved COVID-19 claim to restrict the growth of COVID-19 in the filter medium. Approval has been gained by both the Environment Protection Authority (EPA) and Therapeutic Goods Administration (TGA) for this patented technology platform, providing a cost-effective application for both indoor air quality and COVID-19 inhibition in a world where the Delta variant has created universal attention on improving indoor air quality and safety.

The Company now has an integrated portfolio of products addressing heating, ventilation and air-conditioning (HVAC) efficiency and safety, together with environmental hygiene and corrosion protection in the built environment. Over recent years, considerable investments have been made in both Aeris' anti-microbial polymers, and the new antiseptic and disinfectant paper technologies. Both these platforms have broad commercialisation potential and represent material revenue opportunities in the 2022 calendar year.

Environmental, social and governance (ESG) are increasingly important drivers for the Company, its customers and its shareholders. Aeris is well positioned to support the needs of all of its stakeholders, both in terms of the Company's "green technology", and its focus on energy efficiency and carbon neutrality in Aeris' product offerings, that are able to be delivered in an integrated fashion to the built environment. The Company's priorities during the height of the pandemic were to support frontline workers, and to help hospitals to operate safely by supplying antiseptics and disinfectants, demonstrating Aeris' commitment to "walk the talk" in terms of its ESG policy.

From a product portfolio point of view, the Company's water-based corrosion treatments replace solvent-based legacy products and also result in longer asset life, thereby meeting best practice standards in extending the replacement cycle by up to 50%. Each of Aeris' disinfectant technologies, such as Aeris Active, Aeris Defence and bioactive filter treatments, are based on the Company's fully biodegradable polymer, which not only improves residual performance, but is environmentally friendly for its healthcare, commercial, industrial and consumer applications.

The Board takes this opportunity to thank all the Aeris team members, in Australia and internationally, for working diligently over the past year, which was one of unparalleled disruption and challenges. The safety of the Company's workforce continues to be paramount, with not a single COVID-19 case experienced by Aeris' employees across all of its activities internationally. Arising out of the recent Company-wide strategic review, the Board has seen the Aeris team respond enthusiastically to new areas of opportunity and responsibilities, and to changes in the Company's business model and priorities. These shared objectives and vision support Aeris' clear focus on annuity revenue growth, and driving shareholder value into the next financial year and beyond.

The Company takes this opportunity to express its appreciation for the efforts of Aeris' newest Directors, Drs Abbie Widin and Jenny Harry, who are up for election at the Company's upcoming Annual General Meeting as Independent Non-Executive Directors. Dr Widin has over 20 years' experience in the global consumer goods and consulting markets. She has held various marketing, commercial and management roles in both private and public companies. Dr Harry has 20 years' experience in the executive management of companies in the biotechnology, diagnostic and biopharmaceutical sectors, and is an accomplished non-executive director of listed and unlisted companies.

Aeris enjoys a solid balance sheet, is net debt free, and is now investing in its key international markets, including a re-launch in China. The Company is concentrating its efforts on forming long-term partnerships with companies that have meaningful existing demand for the product categories in the Company's existing portfolio. Aeris is working on a number of product innovations based on customer demand and the Company's regulatory approvals continue to grow in key international markets. Aeris believes that the Company's positioning as a trusted partner in HVAC efficiency and safety, together with its full portfolio of environmental hygiene technologies, enables Aeris to effectively support the needs of its distributors and customers in returning to work, and successfully coping in the new reality of a world where COVID-19 is endemic.

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**Maurie Stang**  
Non-Executive Chairman

**Peter Bush**  
Chief Executive Officer





2021

## Review of Operations





Since the commencement of the global COVID-19 pandemic, the Company has focused many of its activities on supporting customers, distributors and, most particularly, health authorities in Australia with their most urgent needs. The pandemic created significant supply chain challenges for Aeris and unprecedented demand for trusted disinfection technologies during 2020 has been followed by significant oversupply in 2021.

The Company is currently completing a comprehensive strategic review of its activities, priorities and business model going forward. The review is focused on the commercialisation and sales of Aeris' core differentiated product platforms, and new product developments ready for market entry. In line with its recovery agenda and to underpin this, the Company has recently made several senior appointments in sales, marketing and channel management, together with engaging consulting services to direct the Company's concentration on sales growth. Specifically, Aeris is now focusing on Australia, China and a number of international markets, and verticals. In parallel it is putting in place new trading terms with the Company's sales and distribution partners with what Aeris believes is a significantly improved business model for the Company and its partners.

Aeris has experienced a number of commercial issues arising from the priorities of the last financial (pandemic) year. It is now actively dealing with the legacy of operating in an unprecedented environment and recognising these impacts in an effort to refocus on its growth objectives.

The Company is now investing additional resources and focusing on its distribution channels and partners by providing more support and commercial benefits to its partners against new growth objectives. This is aligned with a value proposition of making the built environment safer, more energy efficient and delivering on a broader spectrum of customers' needs.

### Finance

Annual revenue for the 2020-21 financial year was \$7,130,684 (2020 - \$14,632,962). The Company made a loss before income tax of \$5,985,414 compared to a profit of \$1,413,370 in the prior year. The loss results from the problems associated with servicing markets during the

pandemic, and a significant deterioration in Aeris' gross margin (40% in the June 2020-21 year compared to 55% for the 2019-20 financial year), reflecting in large part the impact of the lower margin NSW Health business. The impact of further lockdowns and the Delta virus wave globally in the 2022 financial year, has had a significant effect on sales of a number of the Company's products and related market access. In accordance with this, the Company has now taken additional inventory provisions, notwithstanding its intention to actively market these products to address excess inventory. It is anticipated that with greater production efficiency, improved manufacturing and supply chain, lower raw material cost objectives and improved mix of product sales, higher margins will progressively be achieved.

The Company's cash receipts from customers for the year were \$11,367,172 compared to the previous year of \$14,600,592. As 30 June 2021 Aeris has net assets of \$13,471,369, compared to \$19,308,328 on 30 June 2020. Cash at 30 June 2021 was \$11,485,616 compared to 12,949,339 at 30 June 2020. The net cash used in operating activities decreased by \$771,000. Balance sheet movements included a decrease in trade debtors of \$4,050,872.

### North America

Aeris is focused on improving adoption and distribution of its heating, ventilation, and air-conditioning (HVAC) and environmental hygiene range in North America, together with the sale of its two products – AerisGuard Bioactive Filter Treatment and AerisGuard Bioactive Surface Treatment. Existing EPA approvals for their use in HVAC and refrigeration is to be incorporated into 'safe re-opening' plans for protecting HVAC filters and surfaces against the colonisation of bacteria, fungi and viruses, including COVID-19.

After the positive evaluation of Aeris Bioactive Filter Treatment on the bus fleet of The Milwaukee Transport Transit Services, Inc, the Company is now working with several municipal transport operators to target the use of product in its air filtration assets. Additionally, Aeris is focused on business development in sectors that are currently 're-opening', including retail and fast-food customers.

The Company has now received independent laboratory results for AeriGuard Bioactive Surface Treatment to cover additional organisms. This product will be positioned as a general-purpose surface disinfectant, with Aeri's regulatory consultants working to have the additional claims registered with the U.S. EPA (potentially allowing "COVID-19" kill claims, as well as being added to the EPA's List N for general purpose disinfectants).

### China

Aeri is moving forward with new initiatives and distribution arrangements together with a number of new relationships in the important Chinese market. This includes assessing options for the production of certain products in China, with the aim of expanding the market opportunity, whilst enjoying potential savings in procurement of key raw materials in a more integrated manufacturing and supply chain. The Company is finalising the establishment of its wholly-owned foreign entity (WFOE). Aeri's WFOE in China will place Aeri in a strong position to develop strategic relationships, and joint ventures, in accordance with local ownership requirements, potentially opening both State and Federal business opportunities in China to the Company and its partners.

### Middle East, India and Europe

Aeri continues to investigate a range of potential customers and distributors in Europe and the United Kingdom, and distribution partners in the Middle East and India. The efforts in re-opening various sections of the European and the Middle East economies now provide increasing interest in the spectrum of Aeri's offerings, making new distribution arrangements a priority.

### Mould Remediation

Aeri has repositioned its mould remediation product range to build on its initial success with key projects in Australia. With clear branding, technical support and an enhanced distributor support programme, the Company's products are not only highly effective, but provide long-term protection against surfaces becoming re-contaminated with mould, which has been a major

challenge for Aeri's customers and insurers. The Company has rationalised the activities of its project team with a greater focus on product sales and technical support for its international channel partners.

### Corrosion Protection

The Company has a number of water-based, long-lasting anti-corrosion products. Aeri Corrosion Protection Services is evaluating focused on several original equipment manufacturers (OEMs) and downstream customer opportunities both in Australia and the USA, the Middle East and Asia. This business is now progressively re-opening as economic activity expands, particularly in the southern hemisphere. To-date, Aeri's expansion plans for the OEM corrosion business has been significantly impacted by the Company's inability to travel and to conduct plant trials. Aeri has the potential to apply its novel coatings to multiple industrial and HVAC applications providing a growth opportunity as business activity and production levels increase over time.

### Environmental Hygiene

In terms of ongoing COVID-19 compliance, both Aeri Defence and Aeri Active are dual active, offering rapid COVID-19 kill and extended residual protection across the full spectrum of surfaces, from high risk to social environments. The product's competitive position is enhanced by the 'one step, single application' even in dirty conditions providing the highest levels of compliance and 'gold standard' performance. Aeri has now expanded its senior sales and marketing resources to support the Company's commercial growth, with additional effort now being applied to the international launch of Aeri Defence. This product is available in a variety of presentations, including the ready-to-use and wipe format, and has been positioned with competitive pricing, ease-of-use and Australian Register of Therapeutic Goods listed surface disinfection claims, including COVID-19. Business development activities with several distributors and end customers has provided early feedback that Aeri Defence has a wide range of applications and attractive in-use features.

## Environmental, Social and Governance (ESG)

Aeris continues to focus on the environmental impact of its products and services. Key to the Company's strategy is to provide our customers with both improved environmental outcomes and energy efficiency via our products and services. There is increasingly a strengthening commitment towards carbon neutrality and Aeris will be outlining in more detail in its Annual Report the initiatives it will be undertaking, both in its own right and in support of its customers' ESG objectives.

## Outlook

The last year saw significant variability in market conditions, lockdowns and re-openings as a result of COVID-19 and its variants, which resulted in a significant deterioration in Aeris' business. The Company's strategic review is aimed at critically reviewing the Aeris' deployment of its resources and developing new plans to support its customers and distributors in meeting their needs and requirements for growth. As the world emerges from the greatest impact of the pandemic, the Company has a strong balance sheet and is net debt free. Supporting the Company's initiatives are a range of new products, registrations and customer driven product presentations. Aeris' expanded investment in China is targeting not only domestic opportunities in that market, but also the potential to export novel technologies, such as its new biocidal polymers, in collaboration with prospective partners who already access meaningful global markets.

The Company recognises a need to rebuild momentum from the challenges it experienced during the 2021 financial year, which have significantly impacted both its sales and operations. The full spectrum of the Company's activities is being evaluated as part of the current and comprehensive strategic review. Many changes and improvements are now being implemented, further supported by the significant investments that Aeris has in train across products, regulatory approvals and an expanded team and capability.



# Directors' Report



The Directors of Aeris Environmental Ltd submit herewith the Annual Financial Report for the financial year ended 30 June 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors Report is as follows:

### Directors

The names and details of the Directors and Company Secretary of the Company during or since the end of the financial year are:

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#### Maurie Stang

Non-Executive Chairman

Mr Maurie Stang has more than three 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.

**Director since:** 2002 – appointed Chairman in 2002

**Directorship of other listed companies held in the last three years:**

Non-Executive Chairman of Nanosonics Limited (ASX:NAN) since November 2000.

Non-Executive Deputy Chairman of Vectus Biosystems Limited (ASX:VBS) since December 2005.

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#### 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. Mr Kritzler has over 40 years of experience in commercial R&D in the areas of pharmaceutical, medical, cosmetic and specialty industrial products. Under his technical direction, Novapharm Research has become a world-leader in infection control science.

**Director since:** 2002.

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

### Michael Ford

Non-Executive Director

Mr Ford (B.Com, MBA, FCA, FCPA, GAICD) has over 30 years of experience in Finance and Strategy roles in a wide range of industries including manufacturing, property and financial services. He is the Chief Financial Officer of News Corp Australia and a Director of Foxtel. Mr Ford is a former Group CFO of QBE Insurance and Deputy CFO of Commonwealth Bank of Australia. He is an experienced Company Director and has completed the Advanced Management program at Harvard Business School.

**Director since:** 23 April 2020.

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

### Abbie Widin

Non-Executive Director

Dr Widin (PhD (Physiology) and B. Med. Science (Hons), both from the University of Sydney, and a Diploma of Business Administration from AGSM) was appointed as a Director in March 2021. She has over 20 years' experience in the highly-competitive consumer goods and consulting markets. Dr Widin has held various marketing, commercial and management roles in both private and public companies, such as Procter & Gamble (Australia and Europe), SC Johnson, Reckitt Benckiser and Kellogg. She has strengths in marketing strategy, innovation pipelines and leading cross-functional teams.

**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) was appointed as a Director in April 2021. She is a graduate of the Harvard Business School General Manager Program and the Australian Institute of Company Directors. Dr Harry has 20 years' experience in executive management of companies in the biotechnology, diagnostic and biopharmaceutical sectors. She is an accomplished CEO with experience in growing companies from start-up to commercialisation, and has demonstrated expertise in building high-performing teams, establishing global partnerships, capital raising, investor relations, together with corporate governance and compliance. Dr Harry is an experienced Non-Executive Director on the Boards of listed and unlisted companies. She is currently a Non-Executive Director of Neuren Pharmaceuticals Limited (ASX:NEU) and Ondek Pty Ltd, and a member of the Board's IP sub-Committee of the Children's Medical Research Institute.

**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 2018.

### Bernard Stang

Non-Executive Director

Mr B Stang (B.Arch) is a Co-Founder and Director of the Regional Health Care Group of companies. He serves as the Chief Executive Officer of Stangcorp Pty Ltd, Stoneville Ltd and Brunswick Property Pty Ltd, which are key property entities in the Stang Group. Mr B Stang manages a broad portfolio of investments in the private and listed sectors, and has enjoyed over 40 years of operational leadership in successful healthcare businesses. He serves as a Director of Novapharm Research. Mr B Stang is a Director of Weizmann Australia, which represents the Weizmann Institute of Science in Australia, and the Institute has recently established the Garvan-Weizmann Centre of Cellular Genomics in Sydney, in joint venture with the Garvan Institute. He served as a Non-Executive Director of Nanosonics Limited (ASX:NAN) until 2007.

**Director since:** 2002. Did not seek re-election at 2020 AGM.

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

## Other Key Management Personnel

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### **Peter Bush**

Chief Executive Officer

Mr Bush (B.Com, CA) was formerly the Chief Financial Officer of the Regional Health Care Group of companies (one of the region's leading diversified healthcare product suppliers, with successful businesses across a range of medical, pharmaceutical, consumer healthcare, and research and development sectors) and of GryphonCapital (an independent merchant bank that facilitates the financing and development of emerging healthcare-related entities). He began his career working for five years at BDO, a global accounting and consulting firm, and has since spent a number of years working in industry. Mr Bush holds a number of private directorships and board positions.

**Appointed:** 2013

**Directorship of other listed companies held in the last three years:** Non-Executive Director of Vectus Biosystems Limited (ASX:VBS) since July 2015.

### **Robert Waring**

Company Secretary

Mr Robert J Waring (B.Ec, CA, FCIS, FFin, FAICD) was appointed to the position of Company Secretary of the Company in 2002. He has over 40 years of experience in financial and corporate roles, including over 25 years in company secretarial roles for ASX-listed companies and over 19 years as a Director of ASX-listed companies. Mr Waring has over 30 years of experience in industry and, prior to that, spent nine years with an international firm of chartered accountants. He is a director of Oakhill Hamilton Pty Ltd, which provides company secretarial and corporate advisory services to a range of listed and unlisted companies. Mr Waring is also presently the Company Secretary of ASX-listed companies Vectus Biosystems Limited (ASX:VBS) and Xref Limited (ASX:XF1), and is a Non-Executive Director and the Company Secretary of ASX-listed R3D Resources Limited (ASX:R3D).

## Share Registry

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### **Computershare Investor Services Pty Ltd**

Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067  
GPO Box 2975, Melbourne VIC 3001  
Telephone: +61 3 9415 4000  
Web: [www.computershare.com](http://www.computershare.com)

## 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 (while they were a Director).

	Board of Directors	Audit and Risk Committee	Corporate Governance Committee	Remuneration and Nomination Committee
Number of meetings held	9	3	1	2
<b>Directors and their Attendance</b>				
Maurie Stang *	9	3	1	2
Steven Kritzler **	9	N/A	N/A	N/A
Michael Ford ***	9	3	N/A	2
Abbie Widin ****	3	N/A	N/A	N/A
Jenny Harry *****	2	N/A	N/A	N/A
Bernard Stang *****	5	1	1	N/A

\* Chairman of the Board, the Remuneration and Nomination Committee, and the Corporate Governance Committee.

\*\* Ceased to be a member of the Remuneration and Nomination Committee on 1 October 2020.

\*\*\* Appointed as the Chairman of the Audit and Risk Committee on 25 Feb 2021, became a member of both the Corporate Governance Committee, and the Remuneration and Nomination Committee on 1 October 2020.

\*\*\*\* Appointed as a Director on 2 March 2021 and elected Chair of the Related Parties Committee on 12 August 2021.

\*\*\*\*\* Appointed as a Director on 21 April 2021, and became the third member of both the Audit and Risk Committee, and the Remuneration and Nomination Committee, on 29 July 2021.

\*\*\*\*\* Ceased to be a Director on 26 November 2020.

The Board has formed a Disclosure Committee and a Related Parties Committee, to meet as and when required, neither of which met during the 2020-21 financial year. The Related Parties Committee met on 12 August 2021. In addition to the above meetings the Board and senior executives conduct formal management meetings.

## Committee Membership

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

Audit and Risk Committee	Corporate Governance Committee	Related Parties Committee	Remuneration and Nomination Committee
Michael Ford (Chair) Maurie Stang Jenny Harry	Maurie Stang (Chair) Michael Ford	Abbie Widin (Chair) Jenny Harry Michael Ford	Maurie Stang (Chair) Michael Ford Jenny Harry

The Disclosure Committee has not met since it was formed. It is composed of not less than three members, one of whom will be a Non-Executive Director, and will normally also include the Chairman. The Chair of the Committee will be elected by the members at each meeting.



## Principal Activities

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

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

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

## Review of Operations

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

	2021	2020
	\$	\$
Income	7,336,311	14,669,658
Expenses	(13,203,489)	(12,686,717)
Profit (Loss) after income tax	(5,867,178)	1,982,941

The Company's Review of Operations commences on page 6 of this report.

## Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2021 (2020: Nil). No dividends have been paid or declared since the start of the financial year.

## Significant changes in state of affairs

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

## Significant events after the balance date

In the opinion of the Directors, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

## Likely developments and expected results

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 not indemnified or agreed to indemnify the Auditor of the Company or any related entity against a liability incurred by the Auditor.

#### 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	23,698,288	-
Bernard Stang (Director until 26 November 2020)	18,786,639	-
Steven Kritzler	11,252,785	-
Michael Ford	75,000	-
Abbie Widin (Joined 2 March 2021)	-	-
Jenny Harry (Joined 21 April 2021)	-	-

### Options or rights granted to Directors and Officers of the Company

During or since the end of the 2021 financial year, the Company has not granted any options or rights for no consideration over unissued ordinary shares in Aeris Environmental Ltd to the Directors and Officers (2020: NIL)

### Particulars of options or rights granted over unissued shares

	2021	2020
Number of options or rights on issue over unissued ordinary shares	1,406,600	2,807,291
Shares issued in the period as the result of the exercise of options or rights	1,182,358	836,411
Options or rights expired or forfeited during the period	218,333	305,335
Options or rights granted during the period	-	150,000

Full details of options or rights on issue are shown in Note 17 and 24.

### Non-audit services

During the financial year UHY Haines Norton, the Company's Auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the financial year by the Auditor and, in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company, and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the Auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

### Officers of the Company who are former audit partners of UHY Haines Norton

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

### Auditors

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

### Auditor's Independence Declaration

The Auditor's Declaration of Independence for the year ended 30 June 2021 is attached to this Directors' Report on page 30.

### 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 all found on the Company's website at: [www.aeris.com.au/investor-centre](http://www.aeris.com.au/investor-centre)

### REMUNERATION REPORT (AUDITED)

#### Key Management Personnel (KMP)

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

##### Non-Executive Directors

Maurie Stang  
Bernard Stang (Director until 26 November 2020)  
Steven Kritzler  
Michael Ford  
Abbie Widin (Joined 2 March 2021)  
Jenny Harry (Joined 21 April 2021)

##### Executive

Peter Bush (Chief Executive Officer)

##### Company Secretary

Robert Waring

#### 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.

##### 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. It is proposed that a Resolution will be included in the 2021 Notice of AGM to increase the limit of Directors' Fees by \$150,000. The increase is to provide 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 are payable 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 are set in conjunction with advice from external advisors in reference to fees paid to Non-Executive Directors of comparable companies. 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. 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.

### d) Short-term incentives (STI)

During the financial year ended 30 June 2021 no amounts were paid 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 2021 no amounts were paid as LTIs.

### f) Share-based compensation

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

- i) 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.
- ii) The contractual life of the options or performance rights issued ranges from three to five years.
- iii) 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.
- iv) Each option or performance right is convertible into one fully paid ordinary share.
- v) 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.
- vi) 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.
- vii) 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:

2021 Shares	Number held 30 June 2020	Acquired during year	Sold during year	Issued on exercise of options	Number held 30 June 2021
<b>Specified Directors</b>					
Maurie Stang	23,698,288	-	-	-	23,698,288
Bernard Stang (Director until 26 Nov 2020)	20,527,194	-	(1,740,555)	-	18,786,639
Steven Kritzler	11,252,785	-	-	-	11,252,785
Michael Ford	75,000	-	-	-	75,000
Abbie Widin (Joined 2 March 2021)	-	-	-	-	-
Jenny Harry (Joined 21 April 2021)	-	-	-	-	-
<b>Specified Executives</b>					
Peter Bush	750,000	882,358	-	-	1,632,358
Robert Waring	992,326	-	-	-	992,326
	57,295,593	882,358	(1,740,555)	-	56,437,396

2021 Options and rights	Number held on 30 June 2020	Granted during year	Lapsed during year	Exercised during year	Number held on 30 June 2021
<b>Specified Directors</b>					
Maurie Stang	-	-	-	-	-
Bernard Stang (Director until 26 Nov 2020)	-	-	-	-	-
Steven Kritzler	-	-	-	-	-
Michael Ford	-	-	-	-	-
Abbie Widin (Joined 2 March 2021)	-	-	-	-	-
Jenny Harry (Joined 21 April 2021)	-	-	-	-	-
<b>Specified Executives</b>					
Peter Bush	1,323,537	-	-	(882,358)	441,179
Robert Waring	50,000	-	-	-	50,000
	1,373,537	-	-	(882,358)	491,179

2020 Shares	Number held on 30 June 2019	Acquired during year	Sold during year	Issued on exercise of options	Number held on 30 June 2020
<b>Specified Directors</b>					
Maurie Stang	22,630,218	1,068,070	-	-	23,698,288
Bernard Stang	19,459,124	1,068,070	-	-	20,527,194
Steven Kritzler	11,252,785	-	-	-	11,252,785
Michael Ford (Joined 23 April 2020)	-	75,000	-	-	75,000
Alex Sava (Director until 26 November 2019)	665,085	-	(146,348)	-	518,737
<b>Specified Executives</b>					
Peter Bush	750,000	-	-	-	750,000
Robert Waring	992,326	-	-	-	992,326
	55,749,538	2,211,140	(146,348)	-	57,814,330

2020 Options and rights	Number held on 30 June 2019	Granted during year	Lapsed during year	Exercised during year	Number held on 30 June 2020
<b>Specified Directors</b>					
Maurie Stang	-	-	-	-	-
Bernard Stang	-	-	-	-	-
Steven Kritzler	-	-	-	-	-
Michael Ford (Joined 23 April 2020)	-	-	-	-	-
Alex Sava (Director until 26 November 2019)	100,000	-	(100,000)	-	-
<b>Specified Executives</b>					
Peter Bush	1,323,537	-	-	-	1,323,537
Robert Waring	50,000	-	-	-	50,000
	1,473,537	-	(100,000)	-	1,373,537

### 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.

	2021	2020
<b>Regional Healthcare Group Pty Ltd</b>	<b>\$</b>	<b>\$</b>
The Company and its controlled entities incur expenses for services provided by Regional Healthcare Group Pty Ltd.		
Office and administration expenses	157,775	117,552
Insurance expenses	136,913	1,677
Rent	56,604	55,483
Distribution expenses	34,127	70,894
Corporate services	84,374	88,169
The Company and its controlled entities transacted with Regional Healthcare Group Pty Ltd and invoiced them for sale of goods and administrative charges.	56,819	402,691
Mr M Stang and Mr B Stang are Directors and shareholders of Regional Healthcare Group Pty Ltd.		
<b>Novapharm Research (Australia) Pty Ltd</b>		
The Company and its controlled entities incur expenses for services provided by Novapharm Research (Australia) Pty Ltd.		
Research and development	193,849	233,575
Patent and other expenses	208,895	148,819
The Company and its controlled entities transacted with Novapharm Research (Australia) Pty Ltd and invoiced them for providing supply chain functions	50,000	45,627
Mr M Stang, S Kritzler and B Stang are Directors and shareholders of Novapharm Research (Australia) Pty Ltd.		
<b>Ramlist Pty Ltd</b>		
The Company and its controlled entities incur expenses for rent and utility outgoings to Ramlist Pty Ltd.	52,537	34,789
Mr M Stang and Mr B Stang are Directors and shareholders of Ramlist Pty Ltd.		



	2021	2020
<b>Ensol Systems Pty Ltd</b>	<b>\$</b>	<b>\$</b>
The Company and its controlled entities incur expenses for marketing and other operational services to Ensol Systems Pty Ltd.	136,561	109,901
The Company and its controlled entities transacted with Ensol Systems Pty Ltd and invoiced them for administrative charges	27,941	24,160
Mr M Stang is a shareholder of Ensol Systems Pty Ltd.		
<b>Teknik Lighting Solutions Pty Ltd</b>		
The Company and its controlled entities incur expenses for marketing and other operational services to Teknik Lighting Solutions Pty Ltd.	2,032	3,199
The Company and its controlled entities transacted with Teknik Lighting Solutions Pty Ltd. and invoiced them for administrative charges	1,609	8,846
Mr M Stang is a shareholder of Teknik Lighting Solutions Pty Ltd.		
<b>Henry Schein</b>		
The Company and its controlled entities sold products to Henry Schein	38,866	1,042,810
Mr M Stang is a Director of Henry Schein		
<b>Vectus Biosystems Limited</b>		
The Company and its controlled entities provided financial and other services to Vectus Biosystems Limited	28,081	22,717
Mr M Stang and Mr P Bush are Directors and Shareholders of Vectus Biosystems Limited		
<b>Bright Accountants</b>		
The Company and its controlled entities incur expenses for accounting services from Bright Accountants.	52,111	68,250
Mr P Bush is a related party to Bright Accountants.		
<b>Oakhill Hamilton Pty Ltd</b>		
The Company and its controlled entities incur expenses for company secretarial services from Oakhill Hamilton Pty Ltd.	111,035	124,791
Mr R Waring is a Director and Shareholder of Oakhill Hamilton Pty Ltd.		
<b>Outstanding balances payable from purchases of services</b>		
Regional Healthcare Group Pty Ltd	114,547	74,479
Novapharm Research (Australia) Pty Ltd	19,181	30,891
Ramlist Pty Ltd	6,849	3,332
Bright Accountants	-	6,875
Ensol Systems Pty Ltd	20,606	41,531
Teknik Lighting Solutions Pty Ltd	165	216
Oakhill Hamilton Pty Ltd.	9,186	14,952
<b>Outstanding balances receivable for sales and services provided</b>		
Henry Schein	-	-
Vectus Biosystems Limited	28,181	10,664
Regional Healthcare Group Pty Ltd	17,877	178,164
Novapharm Research (Australia) Pty Ltd	-	111,735
Ensol Systems Pty Ltd	30,735	12,352
Teknik Lighting Solutions Pty Ltd	1,239	3,587

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

## Details of Directors' and Executive officers' remuneration for the year ended 30 June 2021

	Short term benefits			Post employment benefits	Other long-term benefits	Equity based benefits		Total	Performance Related
	Salary and Director's Fees	STI Cash bonus	Non-monetary benefits	Superannuation		Shares	Options and rights (Note (ii))		
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>									
Maurie Stang	82,192	-	-	7,808	-	-	-	90,000	0.0%
Bernard Stang	-	-	-	-	-	-	-	-	0.0%
Steven Kritzler	54,795	-	-	5,205	-	-	-	60,000	0.0%
Michael Ford	57,272	-	-	2,728	-	-	-	60,000	0.0%
Abbie Widin	19,389	-	-	1,847	-	-	-	21,236	0.0%
Jenny Harry	14,862	-	-	1,412	-	-	-	16,274	0.0%
<b>Total Non-Executive Directors</b>	<b>228,510</b>	<b>-</b>	<b>-</b>	<b>19,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,510</b>	
<b>Executive Directors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Directors</b>	<b>228,510</b>	<b>-</b>	<b>-</b>	<b>19,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,510</b>	
<b>Executives (Note (i))</b>									
Peter Bush	280,289	-	-	26,654	-	-	8,088	315,031	0.0%
Robert Waring	82,371	-	-	-	-	-	-	82,371	0.0%
<b>Total</b>	<b>591,170</b>	<b>-</b>	<b>-</b>	<b>45,654</b>	<b>-</b>	<b>-</b>	<b>8,088</b>	<b>644,912</b>	

## Details of Directors' and Executive officers' remuneration for the year ended 30 June 2020

	Short term benefits			Post employment benefits	Other long-term benefits	Equity based benefits		Total	Performance Related
	Salary and Director's Fees	STI Cash bonus	Non-monetary benefits	Superannuation		Shares	Options and rights (Note (ii))		
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>									
Maurie Stang	-	-	-	-	-	-	-	-	0.0%
Bernard Stang	-	-	-	-	-	-	-	-	0.0%
Steven Kritzler	-	-	-	-	-	-	-	-	0.0%
Michael Ford	10,180	-	-	967	-	-	-	11,147	0.0%
Alex Sava	14,361	-	-	-	-	-	4,705	19,066	0.0%
<b>Total Non-Executive Directors</b>	<b>24,541</b>	<b>-</b>	<b>-</b>	<b>967</b>	<b>-</b>	<b>-</b>	<b>4,705</b>	<b>30,213</b>	
<b>Executive Directors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Total Directors</b>	<b>24,541</b>	<b>-</b>	<b>-</b>	<b>967</b>	<b>-</b>	<b>-</b>	<b>4,705</b>	<b>30,213</b>	
<b>Executives (Note (i))</b>									
Peter Bush	285,295	-	-	27,103	-	-	20,279	332,677	0.0%
Robert Waring	92,217	-	-	-	-	-	2,357	94,574	0.0%
<b>Total</b>	<b>402,053</b>	<b>-</b>	<b>-</b>	<b>28,070</b>	<b>-</b>	<b>-</b>	<b>27,341</b>	<b>457,464</b>	

**Notes to the tables of details of Directors' and Executive Officers' remuneration.**

- 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.

The following factors and assumptions were used in determining the fair value of options on grant date.

Grant Date	Expiry Date	Fair value at grant date	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate
23-Dec-16	14-Oct-21	\$0.2823	\$0.42	\$0.37	108.3%	2.34%
23-Dec-16	23-Oct-21	\$0.2828	\$0.42	\$0.37	108.3%	2.34%

The following factors and assumptions were used in determining the fair value of performance shares on issue date.

Grant Date	Vesting date	Price of shares on grant date	Exercise price
30-May-18	11-Apr-19	\$0.1650	Not applicable
30-May-18	11-Apr-20	\$0.1650	Not applicable
30-May-18	11-Apr-21	\$0.1650	Not applicable

## Executive employment

Chief Executive Officer (CEO):

The following sets out the key terms of the employment for the CEO, Peter Bush

Term:	Continuous employment until notice is given by either party
Fixed remuneration:	\$306,943. This is reviewed annually.
Notice period:	To terminate his employment, Mr Bush is required to provide Aeris with 3 months written notice. Aeris must provide 3 months written notice. On resignation, unless the Board determines otherwise:
Resignation or termination:	All unvested short term or long term benefits are forfeited.  All vested but unexercised benefits are forfeited after 90 days following cessation of employment.
Statutory entitlements:	Annual leave applies in all cases of separation. Long Service applies unless Mr Bush'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 Bush 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 6 months or, if that period is unenforceable, 3 months after the termination of employment, Mr Bush must not, in the area of Australia or, if that area is unenforceable, New South Wales: <ul style="list-style-type: none"> <li>(i) solicit, canvass, approach or accept any approach from any person who was at any time during his last 12 months 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</li> <li>(ii) interfere with the relationship between the Company and its customers, employees or suppliers; or</li> <li>(iii) induce or assist in the inducement of any employee of the Company to leave their employment.</li> </ul>

There are no contracts to which a Director is a party or under which a Director is entitled to a benefit other than as disclosed above and in note 25 to the financial statements.

### Link between remuneration and performance and statutory performance indicators

The table below 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.

	2021	2020	2019	2018	2017
Profit (Loss) for the year attributable to owners of Aeris Environmental Ltd	(5,867,178)	1,982,941	(3,628,499)	(3,590,176)	(3,747,555)
Basic earnings (loss) per share (cents per share)	(2.41)	0.90	(1.98)	(2.28)	(2.40)
Dividend payments	-	-	-	-	-
Increase/(decrease) in share price (%)	-71.42%	70.97%	121.43%	-50.00%	-33.33%
Total KMP remuneration as percentage of profit (loss) for the year (%)	-10.99%	23.07%	-13.51%	-12.01%	-10.20%

The Company is also in discussions with management and remuneration consultants to structure and align KMP remuneration with strategic business objectives, with the aim of creating shareholder wealth.

### Share options

491,179 options and rights to take up ordinary shares in Aeris Environmental Ltd that were issued to KMP remain unexercised at 30 June 2021 (2020: 1,373,537 options and rights).

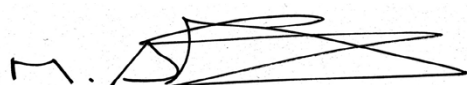
No options or rights to take up ordinary shares in Aeris Environmental Ltd were issued to KMP during the financial years 2021 and 2020.

No options issued to KMP were expired or were forfeited during the years 2021 and 2020.

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.

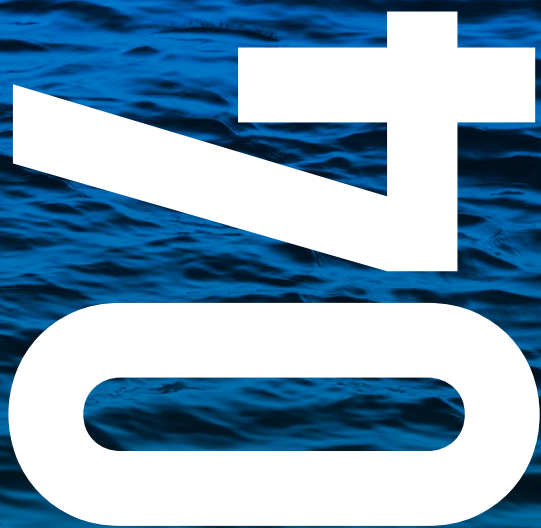
Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors



**Maurie Stang** Sydney, 30 September 2021  
Non-Executive Chairman





## Auditor's Independence Declaration





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

**To the Directors of Aeris Environmental Ltd**

As lead auditor for the audit of Aeris Environmental Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) 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.

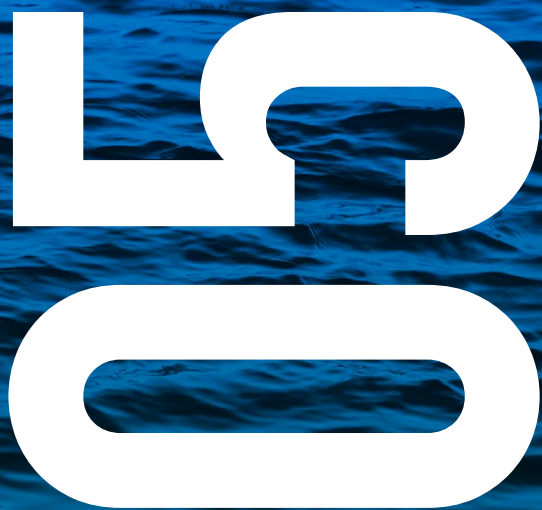
**Mark Nicholaeff**  
Partner  
Sydney  
30 September 2021

**UHY Haines Norton**  
Chartered Accountants

An association of independent firms in Australia and New Zealand and a member of UHY International, a network of independent accounting and consulting firms.

UHY Haines Norton—ABN 85 140 758 156 NSWBN 98 133 826

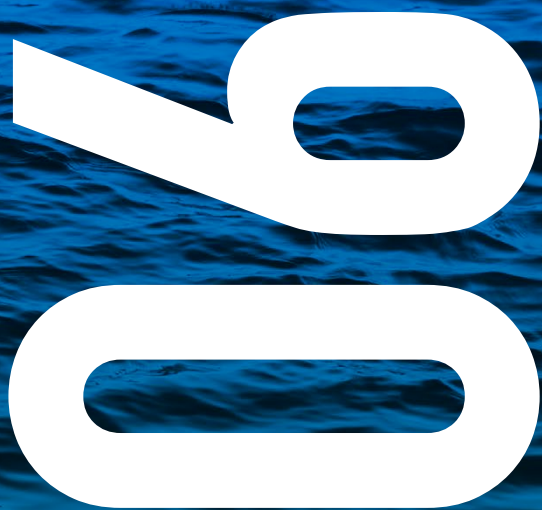
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**Consolidated Statement  
of Profit or Loss and  
Other Comprehensive  
Income** for the Financial Year Ended  
30 June 2021

	Note	2021	2020
		\$	\$
<b>Continuing Operations</b>			
Revenue	4	7,130,684	14,632,962
Cost of sales		(4,375,528)	(6,634,623)
<b>Gross profit</b>		<b>2,755,156</b>	<b>7,998,339</b>
Other revenue	4	205,627	36,696
Administration expenses		(1,875,021)	(1,547,040)
Depreciation and amortisation expense	5	(132,552)	(134,378)
Distribution expense		(528,559)	(493,700)
Employee benefits expense	5	(3,148,284)	(2,497,037)
Financial expenses	5	(56,409)	(38,178)
Impairment expense	5	(1,462,697)	(135,781)
Research and development and patent expense	5	(812,429)	(572,602)
Occupancy expenses	5	(313,894)	(249,245)
Sales, Marketing and Travel expenses		(616,352)	(953,704)
<b>Profit (Loss) before income tax from continuing operations</b>		<b>(5,985,414)</b>	<b>1,413,370</b>
Income tax benefit		118,236	569,571
<b>Net profit (loss) for the year</b>		<b>(5,867,178)</b>	<b>1,982,941</b>
<b>Other Comprehensive Income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences		(90,774)	(12,687)
<b>Total comprehensive profit (loss) for the year, net of tax</b>		<b>(5,957,952)</b>	<b>1,970,254</b>
<b>Profit (loss) for the year attributable to:</b>			
Owners of Aeris Environmental Ltd		(5,867,178)	1,982,941
Non-controlling interest	20	-	-
		<b>(5,867,178)</b>	<b>1,982,941</b>
<b>Total comprehensive profit (loss) for the year attributable to:</b>			
Owners of Aeris Environmental Ltd		(5,957,952)	1,970,254
Non-controlling interest	20	-	-
		<b>(5,957,952)</b>	<b>1,970,254</b>
<b>Earnings per share</b>			
	7		
<b>Basic earnings (loss) per share (cents per share)</b>			
Earnings (loss) from continuing operations		(2.41)	0.90
<b>Diluted earnings (loss) per share (cents per share)</b>			
Earnings (loss) from continuing operations		(2.41)	0.89

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

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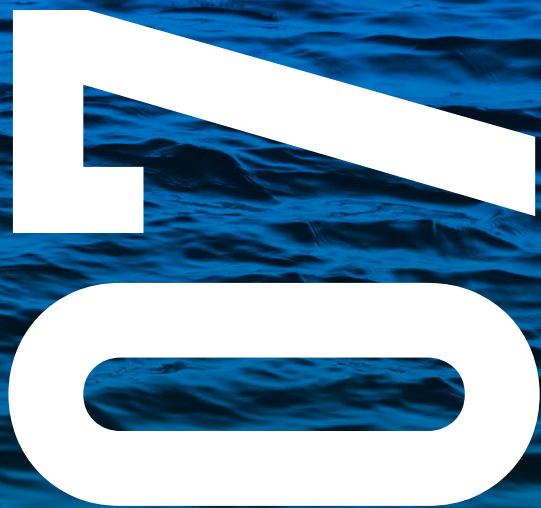
# Consolidated Statement of Financial Position

as at 30 June 2021



	Note	2021	2020
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	11,485,616	12,949,339
Trade and other receivables	10A	1,485,009	5,535,881
Inventories	11	2,811,899	3,486,862
Other current assets	12	367,022	262,034
<b>TOTAL CURRENT ASSETS</b>		<b>16,149,546</b>	<b>22,234,116</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	10B	-	3,945
Right-of-use assets	13	295,036	375,501
Property, plant and equipment	13	106,017	65,359
<b>TOTAL NON-CURRENT ASSETS</b>		<b>401,053</b>	<b>444,805</b>
<b>TOTAL ASSETS</b>		<b>16,550,599</b>	<b>22,678,921</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14A	2,337,692	2,656,871
Lease liabilities	14B	91,225	88,568
Provisions	14C	388,669	291,964
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,817,586</b>	<b>3,037,403</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities	15B	227,113	301,488
Provisions	15A	34,533	31,702
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>261,646</b>	<b>333,190</b>
<b>TOTAL LIABILITIES</b>		<b>3,079,232</b>	<b>3,370,593</b>
<b>NET ASSETS</b>		<b>13,471,368</b>	<b>19,308,328</b>
<b>EQUITY</b>			
Contributed equity	16	62,430,276	62,195,687
Reserves	18	1,700,432	1,904,803
Accumulated losses	19	(50,663,025)	(44,795,847)
Non-controlling interest	20	3,685	3,685
<b>TOTAL EQUITY</b>		<b>13,471,368</b>	<b>19,308,328</b>

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

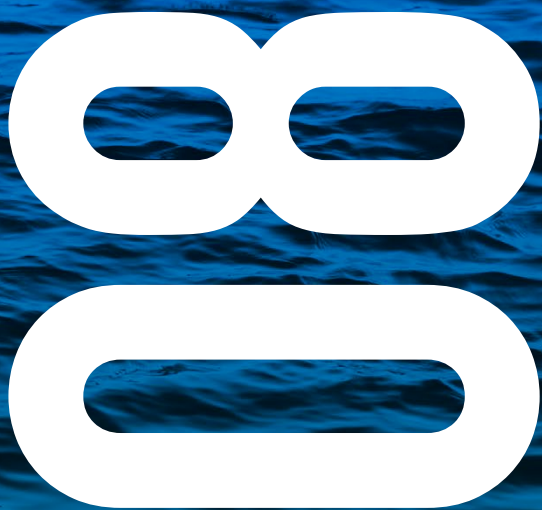


# Consolidated Statement of Changes in Equity

for the Financial Year Ended 30 June 2021

	Equity	Reserves	Accumulated losses	Non-controlling interest	Total attributable to equity holders of the entity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>50,195,854</b>	<b>2,144,073</b>	<b>(46,778,788)</b>	<b>3,685</b>	<b>5,564,824</b>
Loss for the year	-	-	1,982,941	-	1,982,941
Other comprehensive income/ (loss)	-	(12,687)	-	-	(12,687)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(12,687)</b>	<b>1,982,941</b>	<b>-</b>	<b>1,970,254</b>
<b>Transactions with owners in their capacity as owners:</b>					
Share placement - Strategic Investors	12,040,000	-	-	-	12,040,000
Shares issued against exercise of options and rights	57,533	-	-	-	57,533
Shares issued to consultants	489,300	-	-	-	489,300
Share issue cost	(587,000)	-	-	-	(587,000)
Movement in share-based payments reserve	-	(226,583)	-	-	(226,583)
<b>Balance at 30 June 2020</b>	<b>62,195,687</b>	<b>1,904,803</b>	<b>(44,795,847)</b>	<b>3,685</b>	<b>19,308,328</b>
<b>Balance at 1 July 2020</b>	<b>62,195,687</b>	<b>1,904,803</b>	<b>(44,795,847)</b>	<b>3,685</b>	<b>19,308,328</b>
Profit for the year	-	-	(5,867,178)	-	(5,867,178)
Other comprehensive income / (loss)	-	(90,774)	-	-	(90,774)
<b>Total comprehensive profit (loss) for the year</b>	<b>-</b>	<b>(90,774)</b>	<b>(5,867,178)</b>	<b>-</b>	<b>(5,957,952)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued against exercise of options and rights	145,589	-	-	-	145,589
Shares issued to consultants	89,000	-	-	-	89,000
Movement in share-based payments reserve	-	(113,597)	-	-	(113,597)
<b>Balance at 30 June 2021</b>	<b>62,430,276</b>	<b>1,700,432</b>	<b>(50,663,025)</b>	<b>3,685</b>	<b>13,471,368</b>

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




# Consolidated Statement of Cash Flows

for the Financial Year Ended 30 June 2021



	Note	2021	2020
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		11,367,172	14,600,592
Payments to suppliers and employees (inclusive of GST)		(13,484,135)	(16,671,310)
R&D tax offset rebate received		687,807	-
Interest and other income received		24,465	19,157
Government Grants		181,162	17,540
Interest and other financial cost		(56,409)	(16,939)
Net cash used in operating activities	32 (b)	(1,279,937)	(2,050,960)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(93,359)	(24,291)
Net cash used in investing activities		(93,359)	(24,291)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from shares issue		-	12,042,000
Share issue cost		-	(472,600)
Net cash provided by financing activities		-	11,569,400
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,373,296)</b>	<b>9,494,149</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>12,949,339</b>	<b>3,467,877</b>
Effects of exchange rate changes on cash & cash equivalents		(90,426)	(12,687)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>9</b>	<b>11,485,616</b>	<b>12,949,339</b>

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



# 90

## Notes to the Consolidated Financial Statements

for the Financial Year Ended 30 June 2021

Note	
1	Summary of significant accounting policies
2	Financial risk management
3	Critical accounting estimates and judgments
4	Revenue
5	Expenses
6	Income tax
7	Earnings (Loss) per share attributable to the ordinary equity-holders of the Company
8	Auditors' remuneration
9	Cash and cash equivalents
10	Trade and other receivables
11	Inventories
12	Other current assets
13	Non-current assets
14	Current trade and other payables and provisions
15	Non-current liabilities and provisions
16	Contributed equity
17	Options
18	Reserves
19	Accumulated losses
20	Non-controlling interests
21	Particulars relating to controlled entities
22	Commitments for expenditure
23	Key management personnel disclosures
24	Share based payments
25	Related party disclosures
26	Financial instruments disclosures
27	Contingent liabilities
28	Additional company information
29	Subsequent events
30	Operating Segments
31	Information relating to Aeris Environmental Ltd ("The Parent Entity")
32	Notes to cash flow statements
33	Litigation with Aus Made Express International Group Pty Ltd

## 1. Summary of Significant Accounting Policies

### Corporate information

The financial report of AERIS Environmental Ltd (the Group) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 30 September 2021.

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

### Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### 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 Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. AERIS Environmental Limited 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. Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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.

### Going Concern

The Group has recorded an operating loss (after tax) of \$5,867,178 for the year ended 30 June 2021 (2020 Profit: \$1,982,941) and has net assets of \$13,471,368 as at 30 June 2021 (2020: \$19,308,328). The operating cash burn rate for the financial year ended 30 June 2021 was \$1,279,937 (2020: \$2,050,960). The cash balance as at 30 June 2021 was \$11,485,616 (2020: \$12,949,339).

Directors are of the opinion that this positive trend will continue and Company will have adequate resources to continue to be able to meet its obligations as and when they fall due. For this reason they continue to adopt the going concern basis in preparing the Annual Financial Report.

### 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.

### New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

## 1. Summary of Significant Accounting Policies cont.

### Significant 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 significant accounting policies have been adopted in the preparation and presentation of the financial report and have been consistently applied unless otherwise stated.

#### i) 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.

#### ii) Borrowing costs

Borrowing costs include interest or finance charges in respect of finance leases. Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs. Borrowing costs are expensed as incurred.

#### iii) 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.

#### iv) Comparative amounts

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

#### v) 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	3 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

## vi) Earnings per share

### *Basic earnings per share*

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

## vii) 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 within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

### *Other long-term employee benefits*

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as 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 national government 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.

## viii) 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.

## 1. Summary of Significant Accounting Policies cont.

### *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 significantly 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.

### *ix) Financial Instruments issued by the company*

#### *Debt and Equity Instruments*

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

#### *Interest*

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

### *x) 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.

### *xi) Foreign currency*

#### *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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement 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.

#### xii) Functional and presentation currency

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.

#### xiii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### xiv) 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.

#### xv) 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

## 1. Summary of Significant Accounting Policies cont.

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 21. The head entity recognises all of the current and deferred tax assets and liabilities of the tax consolidated group (after elimination of intragroup transactions).

### xvi) 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.

### xvii) Right-of-use Assets

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

estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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

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

### xviii) 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.

### xix) 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.

### xx) Research and development

Research and development expenditure is expensed as incurred except to the extent that development expenditure recoverability is assured beyond reasonable doubt, in which case it is capitalised. Deferred development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised once commercial production has commenced.

### xxi) 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.

### xxii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

#### **Sale of goods and disposal of assets**

Revenue from the sale of goods and disposal of assets is recognised when the consolidated entity has passed the risks and rewards of the goods or assets to the buyer.

#### **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.

## 1. Summary of Significant Accounting Policies cont.

### 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.

### xxiii) 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.

### xxiv) Borrowings and Convertible notes

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.

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.

### xxv) 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.

### xxvi) Trade and other receivables

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

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

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

### xxvii) 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 principle 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 interest. 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 each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant 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 significant. External valuers are selected based on market knowledge and reputation. Where there is a significant 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.

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

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

## 2. Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, credit 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.

### a) 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.

### b) Credit risk

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

### c) Cash flow and fair value interest rate risk

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

### d) 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.

### 3. Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments 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 significant judgments, 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 judgments have been made in respect of the following items :

#### a) Recovery of deferred tax assets

Deferred tax assets are not recognised for deductible temporary differences until management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

#### b) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black & Scholes model, with the assumptions detailed in Note 24. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities

within the next annual reporting period but may impact expenses and equity.

#### c) Fair value of financial instruments

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

#### d) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on indepth evaluation of customers expected to incur future credit losses. The actual credit losses in future years may be higher or lower.

#### e) 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.

### 3. Critical Accounting Estimates and Judgments cont.

#### f) Estimation of useful lives of assets

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

#### g) Lease term

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

#### h) Employee benefits provision

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



## 4. Revenue

Revenue	2021	2020
	\$	\$
Revenue from sales	6,054,152	12,576,309
Revenue from services	1,076,532	2,056,653
	<b>7,130,684</b>	<b>14,632,962</b>

Other revenue	2021	2020
	\$	\$
Financial income	5,587	9,180
Government Grants	181,162	17,540
Miscellaneous	18,878	9,976
	<b>205,627</b>	<b>36,696</b>

## 5. Expenses

Profit (Loss) before income tax includes the following items of expense:

<b>Depreciation and amortisation expense</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Depreciation of leasehold assets	6,332	6,332
Depreciation of plant and equipment	126,219	128,046
<b>Total depreciation and amortisation expense</b>	<b>132,552</b>	<b>134,378</b>

<b>Employee benefit expenses</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Base salary and fees	2,722,895	2,007,835
Superannuation & statutory oncosts	317,050	263,514
Share based payment	24,492	145,150
Other employee expenses	83,847	80,538
<b>Total employee benefit expenses</b>	<b>3,148,284</b>	<b>2,497,037</b>

<b>Financial expenses</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Interest, bank fees and other financial expenses	56,409	38,178
	<b>56,409</b>	<b>38,178</b>

<b>Other expenses</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Impairment of receivables	271,697	135,781
Impairment of inventory	1,191,000	-
Rental & occupancy expenses	313,894	249,245
Research and development and patent expenses	812,429	572,602

## 6. Income Tax

### a) 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:

	2021	2020
	\$	\$
Profit (Loss) for year	(5,985,414)	1,413,370
Income tax expense (benefit) calculated at 26% (2020 - 30%)	(1,556,208)	424,011
R&D tax offset receivable	-	(569,571)
Temporary differences and tax losses not recognised	1,416,394	(467,555)
- Non deductible expenses		
- Share based payments	21,578	43,544
<b>Income tax attributable to profit (loss)</b>	<b>(118,236)</b>	<b>(569,571)</b>

### b) Deferred tax balances not recognised

Calculated at 26% (2020: 30%) of not brought to account as assets or liabilities:

	2021	2020
	\$	\$
<b>Deferred tax assets</b>		
<b>Tax losses</b>		
Revenue tax losses available for offset against future tax income	6,728,307	7,652,475
<b>Temporary differences</b>		
Provision for doubtful debts	90,000	51,000
Provision for inventory impairment	297,750	-
Provision for employee entitlements	105,800	97,100
Difference between book and tax values of fixed assets	17,160	24,431
Accruals	7,500	14,250
Future lease obligations	5,826	4,366
	<b>524,036</b>	<b>191,147</b>
<b>Total deferred tax assets</b>	<b>7,252,343</b>	<b>7,843,622</b>
<b>Deferred tax liabilities</b>		
Difference between book and tax values of fixed assets	-	-
Total deferred tax liabilities	-	-
<b>Net deferred tax asset not recognised</b>	<b>7,252,343</b>	<b>7,843,622</b>

## 6. Income Tax (cont.)

### c) 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.

## 7. Earnings (Loss) Per Share Attributable To The Ordinary Equity-Holders Of The Company

	2021	2020
	\$	\$
<b>Basic earnings (loss) per share (cents per share)</b>	<b>(2.41)</b>	<b>0.90</b>
<b>Diluted earnings (loss) per share (cents per share)</b>	<b>(2.41)</b>	<b>0.89</b>
Net profit (loss) used to calculate basic EPS	(5,867,178)	1,982,941
Net profit (loss) used to calculate diluted EPS	(5,867,178)	1,982,941
Weighted average number of ordinary shares used to calculate basic EPS	243,104,095	219,677,482
Convertible performance rights and share options	-	2,207,291
Weighted average number of ordinary shares used to calculate diluted EPS*	243,104,095	221,884,773

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

## 8. Auditors' Remuneration

	2021	2020
Remuneration of UHY Haines Norton for :	\$	\$
Audit of the annual financial report	31,200	30,500
Review of the half yearly financial report	16,200	15,850
<b>Total auditors remuneration</b>	<b>47,400</b>	<b>46,350</b>

## 9. Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	906,653	2,375,477
Deposits on call	10,578,963	10,573,862
	<b>11,485,616</b>	<b>12,949,339</b>

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

## 10. Trade and Other Receivables

### a) Current trade and other receivables

	2021	2020
	\$	\$
Trade receivables	1,845,009	5,136,310
Less: Allowance for expected credit losses	(360,000)	(170,000)
R&D tax offset rebate receivable	-	569,571
	<b>1,485,009</b>	<b>5,535,881</b>

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

## 10. Trade and Other Receivables (cont.)

### b) Non-current trade and other receivables

	2021	2020
	\$	\$
Trade Receivables	-	3,945
Less: Allowance for expected credit losses	-	-
	<b>-</b>	<b>3,945</b>

The carrying amounts of non-current trade and other receivables represent amount due from customers for SmartENERGY® projects completed during 2017 financial year which are receivable over 60 months and accounted at fair values. The fair values were calculated based on cash flows discounted using rate appropriate to credit rating of customers.

### c) Allowance for expected credit losses

	2021	2020
	\$	\$
Less than 6 months overdue	-	-
More than 6 months overdue	360,000	170,000
<b>Movements in provision for impairment of receivables</b>		
Opening balance	170,000	785,123
Additional provisions recognised	190,000	170,000
Previous provisions written off	-	(785,123)
<b>Closing balance</b>	<b>360,000</b>	<b>170,000</b>

#### 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	(81,697)	(34,660)
Previous provisions written back	-	68,879
Movement in provision for impairment	(190,000)	(170,000)
	<b>(271,697)</b>	<b>(135,781)</b>

d) In the 2020 financial year, the Group applied the simplified approach to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables were grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 was determined as follows.

	Current receivables	Past due > 30 days	Past due > 60 days	Past due > 90 days	Total \$
Expected credit loss %	-	-	2.5%	7.5%	
Gross carrying amount	1,835,970	867,003	1,109,600	1,897,253	5,709,826
Expected credit loss provision	-	-	27,740	142,294	170,034
<b>Expected credit loss provision (rounded off)</b>	-	-	<b>27,700</b>	<b>142,300</b>	<b>170,000</b>

For the 2021 financial year, the Group has undertaken an indepth 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 as at 30 June 2021 was calculated and grouped as follows:

	Current <60 days	Past due > 60 days	Past due > 90 days	Total \$
Gross carrying amount	598,051	118,930	1,128,028	1,845,009
<b>Expected credit loss provision</b>	-	-	<b>360,000</b>	<b>360,000</b>

## 11. Inventories

	2021	2020
	\$	\$
Inventories - at cost	2,811,899	3,486,862
	<b>2,811,899</b>	<b>3,486,862</b>

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

## 12. Other Current Assets

	2021	2020
	\$	\$
Prepayments	351,751	218,493
Advance payment to suppliers	-	21,397
Accrued income	-	7,962
Deposits, bonds and other receivables	15,271	14,182
	<b>367,022</b>	<b>262,034</b>

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

## 13. Non-Current Assets

Carrying Values	Cost	Accumulated depreciation / impairment	Net carrying value
2021	\$	\$	\$
<b>Property, plant and equipment</b>			
R & D equipment	40,773	(26,062)	14,711
Computer equipment	277,094	(241,740)	35,354
Field equipment	58,747	(58,747)	-
Leasehold improvements	130,228	(129,247)	981
Office furniture	179,918	(175,080)	4,838
Plant and equipment	187,474	(137,340)	50,134
Right-of-use asset	455,966	(160,930)	295,036
	<b>1,330,200</b>	<b>(929,146)</b>	<b>401,054</b>

Carrying Values	Cost	Accumulated depreciation / impairment	Net carrying value
2020	\$	\$	\$
<b>Property, plant and equipment</b>			
R & D equipment	25,011	(25,011)	-
Computer equipment	252,985	(222,163)	30,822
Field equipment	58,747	(58,747)	-
Leasehold improvements	130,228	(122,915)	7,313
Office furniture	176,456	(165,642)	10,814
Plant and equipment	137,449	(121,039)	16,410
Right-of-use asset	455,966	(80,465)	375,501
	<b>1,236,842</b>	<b>(795,982)</b>	<b>440,860</b>



Reconciliations	Opening net carrying value	Additions	Disposals	Depreciation / Impairment	Exchange movements	Closing net carrying value
2021	\$	\$	\$	\$	\$	\$
Computer equipment	30,822	24,109	-	(18,966)	(614)	35,351
Leasehold improvements	7,313	-	-	(6,332)	-	981
Office furniture	10,814	3,462	-	(9,438)	-	4,838
Plant and equipment	16,410	50,026	-	(16,301)	-	50,136
R&D Equipment	-	15,762	-	(1,051)	-	14,712
Right-of-use asset	375,501	-	-	(80,465)	-	295,036
	<b>440,860</b>	<b>93,359</b>	<b>-</b>	<b>(132,552)</b>	<b>(614)</b>	<b>401,054</b>

Reconciliations	Opening net carrying value	Additions	Disposals	Depreciation / Impairment	Exchange movements	Closing net carrying value
2020	\$	\$	\$	\$	\$	\$
Computer equipment	27,192	19,372	-	(15,904)	162	30,822
Leasehold improvements	13,645	-	-	(6,332)	-	7,313
Office furniture	30,971	-	-	(20,157)	-	10,814
Plant and equipment	19,690	8,240	-	(11,520)	-	16,410
Right-of-use asset	-	455,966	-	(80,465)	-	375,501
	<b>91,498</b>	<b>483,578</b>	<b>-</b>	<b>(134,378)</b>	<b>162</b>	<b>440,860</b>

## 14. Current Trade and Other Payables and Provisions

	2021	2020
a) Unsecured trade and other payables	\$	\$
Trade creditors	1,683,461	2,270,461
Other payables and accruals	664,411	395,587
GST and PAYG payable	(10,180)	(9,177)
	<b>2,337,692</b>	<b>2,656,871</b>
b) Lease liabilities	91,225	88,568
c) Provisions		
Annual leave	354,645	266,193
Long service leave	34,024	25,771
	<b>388,669</b>	<b>291,964</b>

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

## 15. Non-Current Liabilities and Provisions

	2021	2020
a) Provisions	\$	\$
Long service leave	34,533	31,702
	<b>34,533</b>	<b>31,702</b>
b) Lease liabilities	227,113	301,488

The carrying amounts of the Group's non-current liabilities and provisions are a reasonable approximation of their fair values.

### c) Particulars relating to lease liabilities

The lease liabilities refers to office space leased in Brisbane. The Group follows AASB 16 for accounting of leases and resulting assets are disclosed as "Right-of-use Asset" in note 13. Current and non-current lease liability are disclosed in notes 14 and 15.

	2021	2020
The financial statements shows the following amounts relating to leases:	\$	\$
Depreciation	80,465	80,465
Interest expense (included in finance cost)	16,850	20,079
Value of Right-of-Use asset included in property, plant and equipment	295,036	375,501
Expense relating to short-term leases (included in occupancy expenses)	63,197	75,700
Total cash flows for leases	187,854	207,566

## 16. Contributed Equity

Share capital	2021	2020
	\$	\$
243,827,837 fully paid ordinary shares - no par value (2020: 242,545,479)	62,430,276	62,195,687
	<b>62,430,276</b>	<b>62,195,687</b>

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

Movement in ordinary share capital of Aeris Environmental Ltd	2021	2021	2020	2020
	No. of shares	\$	No. of shares	\$
Balance at beginning of year	242,545,479	62,195,687	211,746,510	50,195,854
<b>Shares issued during year</b>				
Shares issued to Directors towards repayment of their loan	-	-	-	-
Shares issued to KMP	-	-	-	-
Share placement - Strategic Investors	-	-	28,000,000	12,040,000
Share Placement Plan	-	-	-	-
Shares issued against exercise of options and rights	882,358	145,589	536,411	57,533
Shares issued to consultants and advisors	400,000	89,000	2,262,558	489,300
	<b>243,827,837</b>	<b>62,430,276</b>	<b>242,545,479</b>	<b>62,782,687</b>
Transaction costs relating to share issues	-	-	-	(587,000)
	<b>243,827,837</b>	<b>62,430,276</b>	<b>242,545,479</b>	<b>62,195,687</b>

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.

## 17. Options

2021 Unlisted	Grant Date	Expiry Date	Exercise Price	Number on issue 30 June 2020	Granted during year	Expired or forfeited	Exercised during year	Number on issue 30 June 2021
*	23-Dec-16	23-Oct-21	0.42	495,000	-	(100,000)	-	395,000
*	30-May-18	01-Mar-21	0.01	100,000	-	(100,000)	-	-
Total options on issue				595,000	-	(200,000)	-	395,000

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

2020 Unlisted	Grant Date	Expiry Date	Exercise Price	Number on issue 30 June 2019	Granted during year	Expired or forfeited	Exercised during year	Number on issue 30 June 2020
*	23-Dec-16	14-Oct-21	0.42	100,000	-	(100,000)	-	-
*	23-Dec-16	23-Oct-21	0.42	670,000	-	(175,000)	-	495,000
*	23-Dec-16	01-Aug-20	0.01	200,000	-	-	(200,000)	-
*	30-May-18	01-Mar-21	0.01	100,000	-	-	-	100,000
Total options on issue				1,070,000	-	(275,000)	(200,000)	595,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate unless the options are exercised prior to the new share issue entitlement date.

\* These options expire on the earlier of their expiry date or the date of termination of the employee's employment, or, in the case of voluntary termination, 90 days after voluntary termination of the employee's employment.

## 18. Reserves

	2021	2020
	\$	\$
Foreign currency translation reserve	(156,257)	(65,483)
Share based payments reserve	1,856,689	1,970,286
	<b>1,700,432</b>	<b>1,904,803</b>

Foreign currency translation reserve	2021	2020
	\$	\$
Balance at beginning of financial year	(65,483)	(52,796)
Foreign exchange translation difference	(90,774)	(12,687)
<b>Balance at end of financial year</b>	<b>(156,257)</b>	<b>(65,483)</b>

### 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.

Share based payments reserve	2021	2020
	\$	\$
Balance at beginning of financial year	1,970,286	2,196,869
<b>Share based payments during the year allocated to:</b>		
Employees and consultants	74,904	117,809
Key Management Personnel	8,088	27,341
Utilised for share issue	(196,589)	(371,733)
<b>Balance at end of financial year</b>	<b>1,856,689</b>	<b>1,970,286</b>

### Nature and purpose of reserve

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

## 19. Accumulated Losses

	2021	2020
	\$	\$
Balance at beginning of financial year	(44,795,847)	(46,778,788)
Net profit (loss) for year	(5,867,178)	1,982,941
Balance at end of financial year	<b>(50,663,025)</b>	<b>(44,795,847)</b>

## 20. Non-Controlling Interests

	2021	2020
	\$	\$
Balance at beginning of financial year	3,685	3,685
Net loss for year	-	-
Balance at end of financial year	<b>3,685</b>	<b>3,685</b>

## 21. Particulars Relating to Controlled Entities

Name of entity	Country of incorporation	Ownership interest 2021	Ownership interest 2020
Controlled entities		%	%
Aeris Pty Ltd	Australia	100	100
Aeris Biological Systems Pty Ltd	Australia	100	100
Aeris Hygiene Services Pty Ltd	Australia	100	100
Aeris Environmental LLC	USA	100	100
Aeris Cleantech Pte Ltd	Singapore	75	75
Aeris Cleantech Europe Ltd	Malta	100	100
Aeris Environmental (UK) Ltd	UK	100	N/A

## 22. Commitments for Expenditure

	2021	2020
	\$	\$
Commitments for manufacturing of inventory within 1 year	487,500	-
<b>Lease commitments</b>		
Operating leases - short term		
Commitments on operating leases that relate to below office facilities:		
Registered office in Sydney - up to 1 year	-	56,604
<b>Balance at end of financial year</b>	<b>487,500</b>	<b>56,604</b>

## 23. Key Management Personnel Disclosures

a) The Directors of Aeris Environmental Ltd during the year were:

Maurie Stang  
 Bernard Stang - Director until 26 November 2020  
 Steven Kritzler  
 Michael Ford  
 Abbie Widin - Joined 2 March 2021  
 Jenny Harry - Joined 21 April 2021

b) Other key management personnel

Peter Bush (Chief Executive Officer)  
 Robert Waring (Company Secretary)

c) Compensation

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

	2021	2020
	\$	\$
Short-term employee benefits	591,170	402,053
Post-employment benefits	45,654	28,070
Share-based payments	8,088	27,341
	<b>644,912</b>	<b>457,464</b>

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

## 24. Share Based Payments

### a) 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	2021	2020
	\$	\$
Employees and consultant	74,904	117,809
Key Management Personnel	8,088	27,341
<b>Total amount arising from share-based payment transactions</b>	<b>82,992</b>	<b>145,150</b>

### b) Details of share-based payment plan

The share-based payment plan is described in the remuneration report in Directors' Report. There have been no cancellations or modifications to the plan during 2021 and 2020.

#### Fair value of options or 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 rights granted over unissued shares

	Options		Rights	
	2021	2020	2021	2020
Weighted average remaining contractual life	0.32 years	1.21 years	1.04 years	1.93 years
Range of exercise prices	\$0.42	\$0.01 to \$0.42	-	-
<b>Options or rights on issue</b>				
Employees and consultants	345,000	545,000	570,421	888,754
Key Management Personnel	50,000	50,000	441,179	1,323,537
	<b>395,000</b>	<b>595,000</b>	<b>1,011,600</b>	<b>2,212,291</b>
<b>Options or rights granted during the year</b>				
Employees and consultants	-	-	-	150,000
Key Management Personnel	-	-	-	-
	-	-	-	<b>150,000</b>
<b>Shares issued as a result of exercise of options or rights</b>				
Employees and consultants	-	200,000	300,000	636,411
Key Management Personnel	-	-	882,358	-
	-	<b>200,000</b>	<b>1,182,358</b>	<b>636,411</b>



## 24. Share Based Payments (cont.)

### Particulars of options or rights granted over unissued shares (cont.)

	Options		Rights	
	2021	2020	2021	2020
<b>Options or rights expired or forfeited</b>				
Employees and consultants	200,000	175,000	18,333	30,335
Key Management Personnel	-	100,000	-	-
	<b>200,000</b>	<b>275,000</b>	<b>18,333</b>	<b>30,335</b>

The following table shows the inputs to the valuation of options and rights granted during 2020 financial year (2021: NIL)

	<b>Rights issue</b>
Value of Underlying Stock	0.230
Exercise Price	0.000
Dividend Yield	N/A
Volatility (per Year)	N/A
Risk free rate	N/A
Maturity	25/7/22
Pricing Date	9/9/19
Value of Option	0.2300

## 25. Related Party Disclosures

### a) Parent Entity

Aeris Environmental Ltd is the parent entity.

#### Subsidiaries

Interests in subsidiaries are set out in note 21.

### b) Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the Directors' Report.

### c) Transactions with Directors and Director related entities

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

## 26. Financial Instruments Disclosures

### a) 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.

### b) 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.

### c) 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

### d) 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 :

	2021	2020
	\$	\$
Trade receivables	1,485,009	4,970,255
R&D tax offset rebate receivable	-	569,571
Deposits and bonds	15,271	22,347
Deposits with Bankwest	10,578,975	10,573,694
Deposits with Wells Fargo, USA	7,826	31,625
Deposits with Bank of America, USA	73,145	264,978
Deposits with ANZ Bank	824,311	2,069,226
	<b>12,984,537</b>	<b>18,501,696</b>

#### (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.

## 26. Financial Instruments Disclosures (cont.)

### (ii) Liquidity risk (cont.)

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

	Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
Maturity analysis - 2021	\$	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	11,485,616	11,485,616	-	-	-
Receivables	1,485,009	1,485,009	-	-	-
Security deposits	15,271	-	-	-	15,271
<b>TOTAL</b>	<b>12,985,896</b>	<b>12,970,625</b>	<b>-</b>	<b>-</b>	<b>15,271</b>
<b>Financial liabilities</b>					
Trade Creditors	1,683,461	1,683,461	-	-	-
Other payables and accruals	654,230	654,230	-	-	-
Lease liabilities *	318,338	38,036	39,849	175,802	64,651
<b>TOTAL</b>	<b>2,656,029</b>	<b>2,375,727</b>	<b>39,849</b>	<b>175,802</b>	<b>64,651</b>
<b>NET MATURITY</b>	<b>10,329,866</b>	<b>10,594,898</b>	<b>(39,849)</b>	<b>(175,802)</b>	<b>(49,380)</b>

	Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
Maturity analysis - 2020	\$	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	12,949,339	12,949,339	-	-	-
Receivables	5,539,826	5,535,881	3,945	-	-
Security deposits	14,182	-	-	-	14,182
<b>TOTAL</b>	<b>18,503,347</b>	<b>18,485,220</b>	<b>3,945</b>	<b>-</b>	<b>14,182</b>
<b>Financial liabilities</b>					
Trade Creditors	2,270,461	2,270,461	-	-	-
Other payables and accruals	386,410	386,410	-	-	-
Lease liabilities *	390,056	35,002	36,716	253,687	64,651
<b>TOTAL</b>	<b>3,046,927</b>	<b>2,691,873</b>	<b>36,716</b>	<b>253,687</b>	<b>64,651</b>
<b>NET MATURITY</b>	<b>15,456,420</b>	<b>15,793,347</b>	<b>(32,771)</b>	<b>(253,687)</b>	<b>(50,469)</b>

\* Lease liabilities calculated under AASB 16 which is effective from 1 July 2019

### (iii) Market risk

#### (a) 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:

2021	Note	Weighted Average Interest Rates	Floating Interest Rates	Fixed Interest Rates	Non-Interest Bearing	Total
<b>Financial assets</b>						
Cash and cash equivalents	9	1.00%	10,578,963	-	906,653	11,485,616
Deposits	12	2.20%	-	-	15,271	15,271
Receivables	10	0.00%	-	-	1,485,009	1,485,009
<b>Total Assets</b>			<b>10,578,963</b>	<b>-</b>	<b>2,406,933</b>	<b>12,985,896</b>
<b>Financial liabilities</b>						
Lease liabilities	14, 15	4.71%	-	318,338	-	318,338
Trade and other payables	14	0.00%	-	-	2,337,692	2,337,692
<b>Total Liabilities</b>			<b>-</b>	<b>318,338</b>	<b>2,337,692</b>	<b>2,656,030</b>
<b>Net financial assets</b>			<b>10,578,963</b>	<b>(318,338)</b>	<b>69,241</b>	<b>10,329,865</b>

2020	Note	Weighted Average Interest Rates	Floating Interest Rates	Fixed Interest Rates	Non-Interest Bearing	Total
<b>Financial assets</b>						
Cash and cash equivalents	9	1.00%	10,573,862	-	2,375,477	12,949,339
Deposits	12	2.20%	-	-	14,182	14,182
Receivables	10	5.50%	-	47,612	5,492,214	5,539,826
<b>Total Assets</b>			<b>10,573,862</b>	<b>47,612</b>	<b>7,881,873</b>	<b>18,503,347</b>
<b>Financial liabilities</b>						
Lease liabilities	14, 15	4.71%	-	390,056	-	390,056
Trade and other payables	14	0.00%	-	-	2,656,871	2,656,871
<b>Total Liabilities</b>			<b>-</b>	<b>390,056</b>	<b>2,656,871</b>	<b>3,046,927</b>
<b>Net financial assets</b>			<b>10,573,862</b>	<b>(342,444)</b>	<b>5,225,002</b>	<b>15,456,420</b>

\* Lease liabilities calculated under AASB 16 which is effective from 1 July 2019

## 26. Financial Instruments Disclosures (cont.)

### (iii) Market risk (cont.)

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

#### Sensitivity analysis

2021	Carrying amount	+2% interest rate Profit & Loss	-1% interest rate Profit & Loss
Deposits on call	10,578,963	211,579	(105,790)
	10,578,963	211,579	(105,790)
<b>Tax charge of 30%</b>		<b>(63,474)</b>	<b>31,737</b>
<b>Post tax profit increase / (decrease)</b>		<b>148,105</b>	<b>(74,053)</b>

#### Sensitivity analysis

2020	Carrying amount	+2% interest rate Profit & Loss	-1% interest rate Profit & Loss
Deposits on call	10,573,862	211,477	(105,739)
	10,573,862	211,477	(105,739)
<b>Tax charge of 30%</b>		<b>(63,443)</b>	<b>31,722</b>
<b>Post tax profit increase / (decrease)</b>		<b>148,034</b>	<b>(74,017)</b>

### (b) 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's exposure to foreign currency risk, including inter-company balances which are eliminated on consolidation, is as follows:

	2021	2020	2021	2020	2021	2020
	US\$	US\$	SGD	SGD	Euro	Euro
Cash at bank	61,277	204,447	9,334	9,334	-	5,000
Trade and other receivables	116,852	217,919	12,500	12,500	(5,330)	(3,575)
Trade and other payables	(3,052,244)	(2,798,646)	(5,778)	(5,778)	-	-
<b>Net Exposure</b>	<b>(2,874,115)</b>	<b>(2,376,280)</b>	<b>16,056</b>	<b>16,056</b>	<b>(5,330)</b>	<b>1,425</b>

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.

#### (e) 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.

## 27. Contingent Liabilities

In relation to the litigation referred to in note 33, although the matter is being considered at the Court, the directors are expecting a settlement to happen within October 2021. A contingent liability in the form of legal cost would arise only if settlement does not happen and the matter continues until the hearing expected in late 2022 financial year. Aeris believes that disclosure of the estimated financial effect of this can be expected to seriously prejudice its legal position, and consequently, has not made disclosures of these amounts.

There are no other contingent liabilities of the company or the Group other than the above and commitments disclosed in note 22 (2020: NIL)

## 28. Additional Company Information

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

#### **Principal registered office and principal place of business**

5/26-34 Dunning Avenue  
ROSEBERY  
NSW 2018

## 29. Subsequent Events

There have been no matters or circumstances, which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the consolidated entity; or
- (b) the results of those operations;
- (c) the state of affairs, in the financial years subsequent to 30 June 2021, of the consolidated entity.

## 30. Operating Segments

### Identification of reportable 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 & 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 & are eliminated on consolidation.

### Major Customer

During the year ended 30 June 2021 the most significant client accounts for approximately 33% (2020: 22%) of the consolidated entity's external revenue through Australian Sales and Services operating segment. There were no other customers who individually amounted to 10% or more of the total revenue during 2020 and 2021.



Operating segment information of the consolidated entity

2021	Australia	International	Intersegment eliminations	Consolidated
	\$	\$	\$	\$
<b>Revenue</b>				
Sales	6,292,080	956,848	(118,244)	7,130,684
Other Income	205,625	2	-	205,627
<b>Total Revenue</b>	<b>6,497,705</b>	<b>956,850</b>	<b>(118,244)</b>	<b>7,336,311</b>
<b>Expenses</b>				
Cost of goods sold	3,795,309	698,463	(118,244)	4,375,528
Operating expenses	8,619,182	841,905	(514,890)	8,946,197
<b>Total Expenses</b>	<b>12,414,491</b>	<b>1,540,368</b>	<b>(633,134)</b>	<b>13,321,725</b>
<b>Profit before tax</b>	<b>(5,916,785)</b>	<b>(583,519)</b>	<b>514,890</b>	<b>(5,985,414)</b>

2020	Australia	International	Intersegment eliminations	Consolidated
	\$	\$	\$	\$
<b>Revenue</b>				
Sales	13,777,886	1,410,585	(555,509)	14,632,962
Other Income	36,507	189	-	36,696
<b>Total Revenue</b>	<b>13,814,393</b>	<b>1,410,774</b>	<b>(555,509)</b>	<b>14,669,658</b>
<b>Expenses</b>				
Cost of goods sold	6,134,462	1,055,670	(555,509)	6,634,623
Operating expenses	6,310,101	774,348	(462,784)	6,621,665
<b>Total Expenses</b>	<b>12,444,563</b>	<b>1,830,018</b>	<b>(1,018,293)</b>	<b>13,256,288</b>
<b>Loss before tax</b>	<b>1,369,830</b>	<b>(419,244)</b>	<b>462,784</b>	<b>1,413,370</b>

## 30. Operating Segments (cont.)

### Segment assets and liabilities

2021	Assets		Liabilities	
	2021	2020	2021	2020
	\$	\$	\$	\$
Australia	16,548,826	22,570,313	4,777,701	5,064,275
International	964,955	1,316,076	4,083,079	4,156,956
<b>Total</b>	<b>17,513,781</b>	<b>23,886,389</b>	<b>8,860,780</b>	<b>9,221,231</b>
Intersegment elimination	(963,181)	(1,207,468)	(5,781,548)	(5,850,638)
Consolidated	16,550,600	22,678,921	3,079,232	3,370,593

### 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 in the following major geographical segments:

	Australia		International	
	2021	2020	2021	2020
	\$	\$	\$	\$
Segment revenue	6,292,080	13,777,886	956,848	1,410,585
Intersegment elimination	(118,244)	(555,509)	-	-
<b>Revenue from external customers</b>	<b>6,173,836</b>	<b>13,222,377</b>	<b>956,848</b>	<b>1,410,585</b>
<b>Timing of revenue recognition</b>				
At a point in time	5,097,304	11,165,724	956,848	1,410,585
Over time	1,076,532	2,056,653	-	-
	<b>6,173,836</b>	<b>13,222,377</b>	<b>956,848</b>	<b>1,410,585</b>

## 31. Information Relating To Aeris Environmental Ltd ("The Parent Entity")

	2021	2020
	\$	\$
Current Assets	16,107,507	22,163,863
Total Assets	16,548,763	22,646,291
Current Liabilities	2,734,030	2,877,507
Total Liabilities	2,961,142	3,210,697
Issued Capital (net of costs)	62,430,275	62,195,686
Accumulated losses	(50,699,342)	(44,730,376)
Share-based payment reserve	1,856,688	1,970,285
	<b>13,587,620</b>	<b>19,435,595</b>
Net profit (loss) after tax for the period	(5,798,371)	2,110,178
Total comprehensive loss for the period	(5,889,145)	2,097,491
Contractual Obligations / Commitments (Refer Note 22)	487,500	56,604

## 32. Notes to Cash Flow Statements

### (a) 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:

	2021	2020
	\$	\$
Cash at bank and on hand	906,653	2,375,477
Deposits on call	10,578,963	10,573,862
	<b>11,485,616</b>	<b>12,949,339</b>

## 32. Notes to Cash Flow Statements cont.

(b) Reconciliation of operating profit (loss) after income tax to net cash flows from operating activities

	2021	2020
	\$	\$
Operating profit (loss) after income tax	(5,867,178)	1,982,941
<b>Non cash/non-operating items included in profit and loss</b>		
Depreciation and amortisation	132,552	134,378
Impairment expense	1,462,697	135,781
Interest on lease liability	16,850	20,079
Share based payments	82,992	145,150
Other adjustments	38,000	-
<b>Changes in assets and liabilities</b>		
Decrease / (Increase) in receivables	3,864,817	(2,201,947)
Decrease / (Increase) in inventory	(516,038)	(2,716,789)
Decrease / (Increase) in other assets	(104,988)	(67,599)
(Decrease) / Increase in trade creditors	(587,000)	385,675
(Decrease) / Increase in other creditors and accruals	97,824	104,383
Increase / (Decrease) in employee entitlement expense	99,535	26,988
<b>Net cash used in operating activities</b>	<b>(1,279,937)</b>	<b>(2,050,960)</b>

### 33. Litigation With Aus Made Express International Group Pty Ltd

The Group had a number of concerns in relation to the performance and conduct of Aus Made Express International Group Pty Ltd ACN 604 566 065 (Aus Made) and Mr Huifeng Lui (a director of Aus Made), in relation to the distribution agreement that was announced to ASX on 11 April 2019.

The Company engaged Dentons Lawyers to review the matters underlying those concerns and, on 11 September 2020, Dentons issued a letter to Aus Made's lawyers which outlined those concerns and demanded certain action. Aus Made did not comply with these demands, but in-turn, on 25 September 2020, provided notification of the commencement of proceedings against Aeris, and two other parties, in the Supreme Court of NSW.

In each case, the Group does not accept liability and disputes the basis for the claims alleged by Aus Made in the Court documents.

Whilst the subject of the dispute is contractual and commercial in confidence, the Group is vigorously defending these claims and is considering its position as to a number of potential counterclaims. The Group believes that the value of the counterclaims significantly exceeds the amount claimed by Aus Made, and in any event, the Group is of the view that these claims by Aus Made are without merit.

The Group believes that disclosure of the estimated financial effect of these matters can be expected to seriously prejudice its legal position, and consequently, has not made disclosures of these amounts. The Group continues to expect settlement (given AusMade agreed to this in principal) and intend to make the final settlement offer upon lodgement of evidence.



## Directors' Declaration

**In the opinion of the Directors:**

1. the attached financial statements and notes that are set out on pages 32 to 83 and remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. 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;
3. the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
4. 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 Board of Directors

A handwritten signature in black ink, appearing to be "M. Stang", with a large, stylized flourish extending from the end of the name.

**Maurie Stang**

Non-Executive Chairman

Sydney, 30 September 2021



# Independent Auditor's Report





## INDEPENDENT AUDITOR'S REPORT

### To the Members of Aeris Environmental Ltd

### Report on the Audit of the Financial Report

#### 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 2021, 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 a summary of significant accounting policies, 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 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### 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.

## PROVISION FOR INVENTORY OBSOLESCENCE

### Why a key audit matter

As disclosed in Note 11 of the financial report, the Group recorded an inventory balance of \$2.81 million as at 30 June 2021, net of provision for obsolescence.

Impairment balance of \$1.19 million for FY21 is disclosed within Note 5 of the financial report.

Inventory obsolescence has been identified as a major risk due to the downturn in sales in FY2021.

Inventory was purchased with a high expectation that the growth in sales that occurred in FY2020 would continue in FY2021, but on the contrary there has been a substantial downturn in sales in the FY2021.

Much of inventory has a use by date which increases the risk of inventory becoming obsolete if the Group is unable to sell it in time.

### How our audit addressed the risk

Our procedures included, amongst others:

- ▶ We discussed with management the accounting policies for impairment of inventory and their procedures for estimating the provision for impairment of inventory and assessed the appropriateness of these policies in accordance with the requirements of the Australian Accounting Standards.
- ▶ Performed substantive testing on management's assessment of stock obsolescence as at 30 June 2021, including the testing of ageing and the use by date.

## RECOVERABILITY OF TRADE RECEIVABLES

### Why a key audit matter

As disclosed in Note 10 of the financial report, the Group recorded a trade receivable balance of \$1.49 million as at 30 June 2021, net of expected credit losses.

The trade receivables balance as at 30 June 2021 has decreased on account of a decrease in the sales in FY2021. The gross trade receivables balance has decreased from \$5.14 million as at 30 June 2020 to \$1.85 million as at 30 June 2021. The allowance for expected credit losses has

### How our audit addressed the risk

Our procedures included, amongst others:

- ▶ Reviewed aged debtor listing including long outstanding receivables and assessed the recoverability of these through inquiry with management and by obtaining sufficient corroborative evidence such as subsequent receipts etc. to support the conclusions.
- ▶ Reviewed management's allowance for expected credit loss calculations and independently assessed the reasonable of the amounts provided for.

increased from \$0.17 million as at 30 June 2020 to \$0.36 million as at 30 June 2021.

Valuation of trade receivables is a key audit matter in the audit due to the size of the trade receivable balance and the high level of management judgement used in determining the expected credit loss provision.

- ▶ Reviewed subsequent credit notes issued to check for reversal of revenue/receivable.

## REVENUE RECOGNITION

### Why a key audit matter

Revenue was identified as a key audit matter as it is considered to be a key performance indicator to the users of the financial report.

As disclosed in Note 4 of the financial report, total revenue (excluding “other revenue”) has decreased from \$14.63 million for the year ended 30 June 2020 to \$7.13 million for the year ended 30 June 2021.

#### Occurrence

AASB 15 ‘Revenue from Contracts with Customers’ establishes a framework for determining whether, how much and when revenue is recognised. Under AASB 15, revenue is recognised when a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying a particular performance obligation is transferred to the customer.

For the sale of goods, the performance obligation is for transfer of goods to the customer depending on the terms of shipment.

### How our audit addressed the risk

Our procedures included, amongst others:

#### General procedures

- ▶ Assessed the Group’s revenue recognition accounting policies for compliance with the requirements of the Australian Accounting Standards. We reviewed these policies to determine whether they have been consistently and appropriately applied.
- ▶ Performed walkthroughs around the revenue recognition process and tested controls where appropriate.

#### Occurrence

- ▶ Performed analytical procedures on revenue transactions recorded during the period by comparing the current year revenue with the prior year. We also compared gross margins and sales product mix with prior year and obtained explanations from the management for significant variations.

**Cut-off**

Sales made at the end of the year and subsequent to the year-end are of higher risk of cut-off error due to strict revenue recognition requirements of the accounting standards (i.e. when customer obtains control of goods and services).

The appropriate timing of revenue recognition needs to be considered carefully.

A key audit matter is revenue is not materially correct for year ended 30 June 2021.

- ▶ Tested a sample of sales from the general ledger to the supporting documents such as invoice, purchase order from customer, proof of delivery and receipts.
- ▶ Assessed whether any sales transactions represent goods shipped on consignment and, if so, whether the appropriate adjustments have been made to reverse these transactions.

**Cut-off**

- ▶ Tested sales cut-off by selecting sales made around 30 June 2021 and agreeing it to the invoice, purchase order, proof of delivery and other shipping documents.
- ▶ Reviewed the terms of shipping and tested that the customer has obtained the control of goods or services and the sales are recorded within the correct period.

**Other procedures**

- ▶ Reviewed the general journals for any unusual transaction to the revenue accounts.
- ▶ Reviewed sales return/credit notes after year end to test revenue is recorded in the correct year.

**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 2021, but does not include the financial report and our auditor’s report thereon.

An association of independent firms in Australia and New Zealand and a member of UHY International, a network of independent accounting and consulting firms.

UHY Haines Norton—ABN 85 140 758 156 NSWBN 98 133 826

Liability limited by a scheme approved under Professional Standards Legislation.

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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance 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 28 of the directors' report for the year ended 30 June 2021.

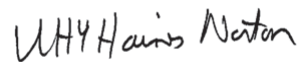
In our opinion, the Remuneration Report of Aeris Environmental Ltd for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

*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.



**Mark Nicholaeff**  
Partner  
Sydney  
30 September 2021



**UHY Haines Norton**  
Chartered Accountants



## Australian Securities Exchange (ASX) Additional Information





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 option and performance rights registers, ASX releases and the Company's Constitution.

## Shareholding Information

### Distribution of Shareholders

Analysis of the quoted fully paid ordinary shares by holding as at 21 September 2021:

Spread of Holdings	Number of Holders	Ordinary shares	% of Total Issued Capital
1 – 1,000	185	101,999	0.04
1,001 – 5,000	384	1,137,448	0.47
5,001 – 10,000	250	1,996,785	0.82
10,001 – 100,000	585	21,159,584	8.68
100,001 – 500,000	140	31,265,711	12.82
500,001 – 1,000,000	20	13,577,969	5.57
1,000,001 and over	43	174,588,341	71.60
<b>Total</b>	<b>1,607</b>	<b>243,827,837</b>	<b>100.00</b>

Based on the market price at 21 September 2021 there were 443 shareholders with less than a marketable parcel of \$500 worth of shares at a share price of \$0.135. There are 117,000 shares that are subject to Company-imposed voluntary escrow.

## Australian Securities Exchange (ASX) Additional Information

### Statement of Shareholdings as at 21 September 2021

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

Rank	Shareholder	Number of Shares	% Holding
1	J P Morgan Nominees Australia Pty Limited	21,126,051	8.66
2	Maurie Stang	20,809,160	8.53
3	Bernard Stang	16,152,529	6.62
4	National Nominees Limited	12,461,185	5.11
5	BNP Paribas Noms Pty Ltd <DRP>	11,090,539	4.55
6	Link Traders (Aust) Pty Ltd	10,170,621	4.17
7	Steven Kritzler <S Kritzler Family A/C>	8,331,609	3.42
8	Girdis Superannuation Pty Ltd <Girdis Super Fund A/C>	6,922,828	2.84
9	Potski Pty Ltd <Potski Super Fund A/C>	6,917,604	2.84
10	Kefford Holdings Pty Ltd <The Kefford Family A/C>	5,442,000	2.23
11	Meditsuper Pty Ltd <Medi Consumables P/L S/F A/C>	4,272,281	1.75
12	Development Management & Constructions Pty Ltd	4,247,353	1.74
13	Lotsa Nominees Pty Ltd	3,333,333	1.37
14	Steven Kritzler <S&J Kritzler Super Fund>	2,921,176	1.20
15	BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	2,446,675	1.00
16	Treplo Pty Limited <Stevanne Superannuation A/C>	2,300,000	0.94
17	Bennelong Resources Pty Limited <John Egan Super Fund A/C>	2,275,000	0.93
18	Radley Investment Co Pty Ltd <John Dalley Super Fund A/C>	2,274,284	0.93
19	Bond Street Custodians Limited <Salter – D79836 A/C>	2,211,597	0.91
20	Henderson International Pty Limited <Henderson Super Fund A/C>	2,133,510	0.88
	<b>Total of Top 20 Holdings</b>	<b>147,839,335</b>	<b>60.62</b>
	<b>Other Holdings</b>	<b>95,988,502</b>	<b>39.38</b>
	<b>Total Ordinary Shares</b>	<b>243,827,837</b>	<b>100.00</b>

### Unquoted Equity Securities as at 21 September 2021

For details of the unissued ordinary shares of the Company, refer below and to the “Share Options” section of the Directors’ Report.

Number	Class – Options	Number of Holders
275,000	Options held by three staff members, which expire on 23 October 2021 and have an exercise price of 42 cents, with one third vesting each year for three years commencing on 23 October 2017, issued under the EIP.	3
120,000	Options held by four key consultants, which expire on 23 October 2021 and have an exercise price of 42 cents, with one third vesting each year for three years commencing on 23 October 2017, which includes 50,000 options held by each of Robert Waring and Ian Ernst.	4
<b>395,000</b>	<b>Total Options on Issue</b>	<b>7</b>

### Unquoted Equity Securities as at 21 September 2021 (cont.)

Number	Class – Performance Rights	Number of Holders
548,183	Performance Rights held by Aeris' CEO Peter Bush (441,179 or 80.5%), three staff members and three consultants, which expire on 11 April 2022 with no exercise price, with one third vesting each year for three years commencing on 11 April 2019.	7
150,000	Performance Rights held by two consultants (Bruce Davison – 100,000 and Andrey Vejera – 50,000), which expire on 25 July 2023 with no exercise price, with one third vesting each year for three years commencing on 25 July 2020.	2
<b>698,183</b>	<b>Total Performance Rights on Issue</b>	<b>9</b>

### 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 and performance rights holders have no voting rights until the options are exercised or the performance rights convert.

### Substantial Shareholders as at 21 September 2021

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
Maurie Stang	23,881,819	Ordinary fully paid shares	9.86%
Perennial Value Management Limited	21,867,964	Ordinary fully paid shares	9.02%
Bernard Stang	20,253,664	Ordinary fully paid shares	8.36%
Link Traders (Aust) Pty Ltd			
Link Enterprises International Pty Ltd <Link Superannuation Fund A/C>	13,619,954	Ordinary fully paid shares	5.62%
Link Enterprises International Pty Ltd			

### 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

<b>Maurie Stang</b>	Non-Executive Chairman
<b>Steven Kritzler</b>	Non-Executive Director
<b>Michael Ford</b>	Non-Executive Director
<b>Abbie Widin</b>	Non-Executive Director
<b>Jenny Harry</b>	Non-Executive Director

### Company Secretary

Robert Waring

### Chief Executive Officer and Chief Financial Officer

Peter Bush

### Registered and Principal Office

Unit 5, 26-34 Dunning Avenue.  
Rosebery NSW 2018 Australia

<b>Telephone:</b>	+61 2 8344 1315
<b>Facsimile:</b>	+61 2 9697 0944
<b>Email:</b>	info@aeris.com.au
<b>Website:</b>	www.aeris.com.au

### Share Registry

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street, Abbotsford  
VIC 3067 Australia

GPO Box 2975, Melbourne VIC 3001 Australia

<b>Telephone:</b>	1300 850 505 (within Australia)
<b>Telephone:</b>	+61 3 9415 4000 (outside Australia)
<b>Facsimile:</b>	+61 3 9473 2500
<b>Website:</b>	www.computershare.com
<b>Investor Link:</b>	www.investorcentre.com/au

### Auditor

UHY Haines Norton Sydney  
Level 11, 1 York Street, Sydney NSW 2000

GPO Box 4137, Sydney NSW 2001

<b>Telephone:</b>	+ 61 2 9256 6600
<b>Website:</b>	www.uhyhnsydney.com.au

### Stock Exchange Listing

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

### ASX Code

AEI





