



ABN 19 093 977 336

Aeris Environmental Ltd

Chairman's Address to the 24 November 2022 Annual General Meeting

Your Company today has journeyed through some of the greatest challenges of recent times, the pandemic, lockdowns, most dramatically in China, supply chain disruption and ever-evolving regulatory environments. These events have impacted global industries in many ways, causing Aeris to review its commercialisation strategy. The Company is aligning its business model and product range in response to the needs of the modern enterprise market in meeting its energy and climate ESG goals in a measurable and reproduceable way.

Aeris has now combined its growing internal product portfolio with additional strategic agencies that will allow it to provide a more comprehensive and cost-efficient path to meet the varied ESG goals of its enterprise customers. Specifically, we recently signed a distribution agreement with AtmosAir to incorporate its “next generation” ionisation technology in our portfolio, which is aimed at improving indoor air quality, hygiene and energy efficiency in a broad cross section of the built environment. In parallel, we intend to launch the distribution of the new Enviroguard air filtration and environmental sanitisation system in early 2023.

This now gives Aeris the capability to employ its product range from the point of air handling at inception, through purifying the air and environment in the ductwork, to improved hygiene and HEPA filtration at the point of occupation throughout the building.

Our team is led by the Company's new CEO, Andrew Just, who has focused on lowering the Company's cost base, streamlining the product portfolio, and gaining new registrations in key markets in response to a rapidly-evolving pandemic and regulatory landscape. I am pleased to report that the latest formulation of the Aeris Defence platform has met the most stringent demands of the TGA and we believe Aeris is unique with a newly-approved COVID residual claim since the TGA's updated requirements came in to effect in July 2022. Andrew is now focusing on several new products that are aimed at driving sales growth, providing a more comprehensive product offering, and targeting the needs of our distributors, applicators and partners.

The ongoing lockdowns in China have greatly impacted the start-up operations of our WFOE in Shanghai and significantly constrained product launches over the last twelve months. While this has indeed created a near “perfect storm”, during this period we have invested in a significant number of approvals for our latest product range under Aeris' name rather than through the control of third-party distributors. We hope now to be able to work directly with Chinese corporations who want to access our products and sell into both physical channels as well as through new online platforms. We would anticipate these initiatives to be largely instituted in the first quarter of calendar year 2023 with the potential to establish China as our largest market once again.



We believe our end-to-end solutions will prove to be both commercially attractive and in increasing demand, in response to the recommencement of international travel, which will hopefully mean improved supply chains and market demand for environmental hygiene. Secondly, energy efficiency and carbon footprint are now very high on the agenda of enterprise customers and distribution partners globally.

The Board and management of Aeris recognise that it is a high priority to successfully address shareholder value, and the Company continues to evaluate a range of opportunities to drive this objective. Aeris is invested in the capability to support these objectives and outcomes. The challenges of the Australian currency also provide a heightened competitive edge for Aeris both locally, with our domestic production, and internationally, which we intend to leverage.

Finally, I would like to thank our Board and team for their ongoing efforts and support of Aeris' new strategic initiatives, and look forward to demonstrating increased traction of our consolidated product portfolio in 2023. I would now like to invite the Company's CEO, Andrew Just, to deliver his address.

Aeris Environmental Ltd

Maurie Stang
Chairman

ANNUAL GENERAL MEETING 2022

Date: 24 November

Maurie Stang

Non-executive Chairman

Environmental hygiene and energy efficiency are key to enterprise ESG outcomes



Board of Directors



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.

Non-Executive Chairman of Nanosonics Limited (ASX:NAN) until 1 July 2022 (Deputy Chairman since 1 July 2022).

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



Steve 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: 24 July 2002

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



Dr. Jenny Harry

Non-Executive Director

Dr Harry (PhD GAICD) is a graduate of the Harvard Business School General Manager Program and the Australian Institute of Company Directors. Dr Harry has 25 years' experience in executive management of companies in the biotechnology, diagnostic and biopharmaceutical sectors. Dr Harry is an experienced Non-Executive Director on the Boards of listed and unlisted companies.

Director since: 21 April 2021

Non-Executive Director of Neuren Pharmaceuticals Limited (ASX:NEU)



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, and GAICD). 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.

Director since: 2 March 2021

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

Meeting Environmental, Social, and Governance (ESG) opportunities to drive shareholder value



CEO's address: Andrew Just

Aeris in FY22 and beyond

ESG is driving the Aeris value proposition

- 73% of S&P 500 companies have ESG compensation targets for executives*
- Aeris' value proposition directly boosts ESG KPIs through:
 - Energy usage reductions
 - Baseline carbon reductions
 - Indoor air quality improvements
 - More environmentally friendly products
 - Safer working spaces
 - Compliance to Standards



* Fortune magazine [Executive compensation now tied to ESG performance at 73% of S&P 500 | Fortune](#)

Aeris is evolving its traditional core business competencies to directly serve the growing ESG requirements of customers.

Aeris portfolio



HVAC & R

AerisGuard supplies world leading cleaning and protection products for all of your HVAC & R needs. AerisGuard products prevent mould and bacteria growth in your HVAC & R units. This has the dual benefit of improving air quality and energy efficiency of your assets.



Surface Hygiene

Aeris surface cleaning and disinfection products are unique, patented formulations that kill germs, bacteria, some viruses, mould and other fungi on hard surfaces and on hands. Aeris surface treatment products also keep bacteria, mould and mildew at bay for long periods of time.

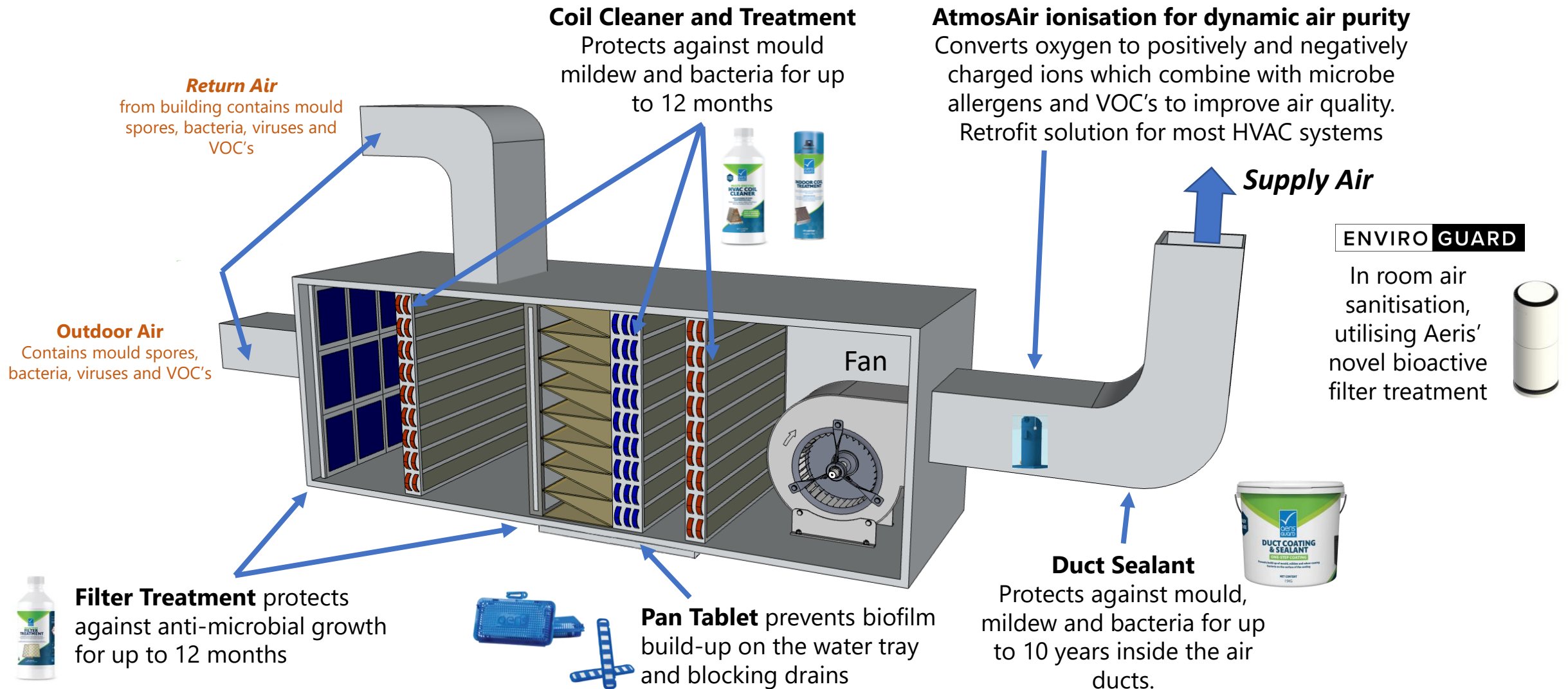


Specialty

Every workplace has unique cleaning, sanitisation and treatment requirements, and with Aeris's large range of products, there's a product to suit your needs. Powered by patented technology and trusted by some of Australia's largest organisations, our products get the job done right.

Built environments and supply chains have network wide needs for these applications

HVAC&R portfolio



Air purification

AtmosAir reduces Microbial & Pathogens – Airborne molds, bacteria and viruses are reduced as well as by preventing their reproduction and their growth.

Lab tested to **REDUCE CORONAVIRUS** in 2020,

- IN MASKS over **99%** in 15 minutes
- ON SURFACES over **99.9%** in 30 minutes

Table 2: Test Results at 30 minutes

	Test Results Replicate 1 30 minutes	Test Results Replicate 2 30 minutes	Test Results Replicate 3 30 minutes
Cell Control	0 0 0	0 0 0	0 0 0
Dilution			
10 ⁻¹	0 0 0	0 0 0	0 0 0
10 ⁻²	0 0 0	0 0 0	0 0 0
10 ⁻³	0 0 0	0 0 0	0 0 0
10 ⁻⁴	0 0 0	0 0 0	0 0 0
10 ⁻⁵	0 0 0	0 0 0	0 0 0
TCID ₅₀ per 0.1 ml	0.75 Log ₁₀	0.75 Log ₁₀	≤0.50 Log ₁₀
TCID ₅₀ per Carrier	1.05 Log ₁₀	1.05 Log ₁₀	≤0.80 Log ₁₀
Average Log ₁₀ Reduction	2.78 Log ₁₀		
Average Percent Reduction	99.92%		

Key: + = Virus recovered; 0 = Virus not recovered and/or no cytotoxicity observed; T = Cytotoxicity observed; *Taking cytotoxicity and neutralization controls into account.



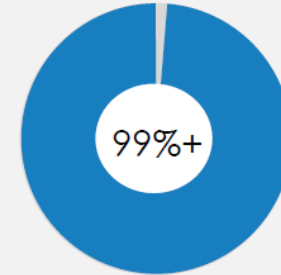
Testing results at Microchem Laboratory

		Test Sample for Grey Fabric - 15 minutes
Dilution	Cell Control	0 0 0
	10 ^{-1.30}	0 0 0
	10 ^{-2.30}	0 0 0
	10 ^{-3.30}	0 0 0
	10 ^{-4.30}	0 0 0
	10 ^{-5.30}	0 0 0
	10 ^{-6.30}	0 0 0
	10 ^{-7.30}	0 0 0
TCID ₅₀ per 0.1 ml		≤ 0.80 Log ₁₀
Log Reduction		≥ 2.25 Log ₁₀
Percent Reduction		≥ 99.44%

Reports from clients of reduced sick leave and reduced office allergies.

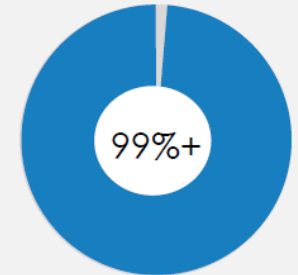


ANTIMICROBIAL
TEST LABORATORIES



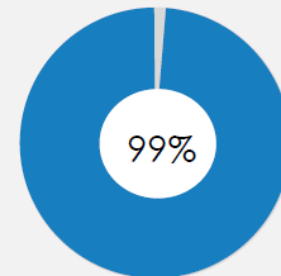
Reduction in
Coronavirus

Source: Microchem
Laboratory, 2020



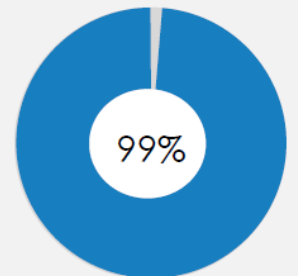
Reduction in
H1N1

Source: Guangdong Detection
Center of Microbiology, 2020



Reduction in
Staph & E. coli

Source: ATL Labs, 2016



Reduction in
MS2 Bacteriophage

Source: ATL Labs, 2016

AtmosAir is global leader in active air purification, with over 8,000 installs

Air purification/sanitisation - EnviroGuard

ENVIRO GUARD



EnviroGuard Pro X



- Co-distribution rights secured
- Utilises Aeris' novel bioactive filter treatment
- Advanced IAQ sensors and networking
- Enterprise customer engagement
- Innovative air and surface sanitising

EnviroGuard completes the Aeris value proposition, addressing interpersonal transmission

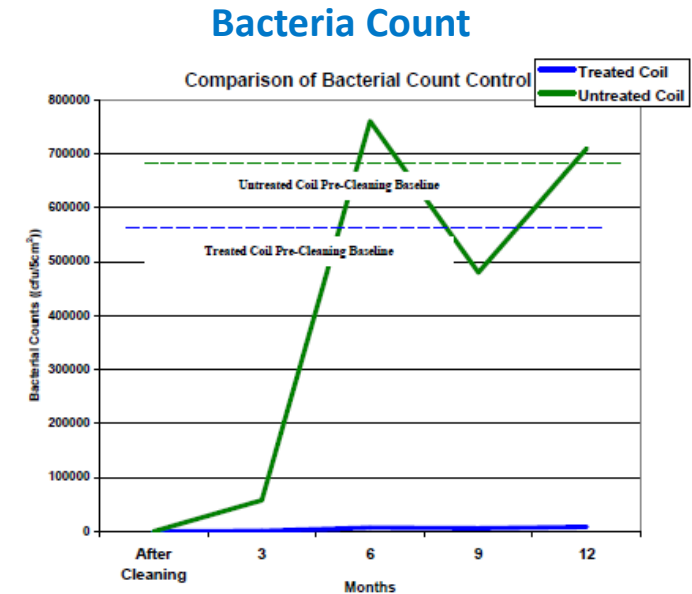
Market opportunity



HVAC & R

AerisGuard supplies world leading cleaning and protection products for all of your HVAC & R needs. AerisGuard products prevent mould and bacteria growth in your HVAC & R units. This has the dual benefit of improving air quality and energy efficiency of your assets.

- AerisGuard can reduce energy use by 20% (our HVAC clean and treat program).
- Can improve indoor air quality by 100%.
- Commercial properties seek both benefits.
- In-licensed technologies strengthen the Aeris value proposition (broaden the Company's scope).
- Annual treatment program provides annuity revenue.



Portfolio strengthened

- Aeris' value proposition enhanced by:

- World class technology for “active” air purification in the built environment
 - Device that actively purifies air inside the room, i.e. before it travels through ductwork
 - This solves the problem of how to protect people from others who enter the space and are unwell
 - Now we have both “passive” (clean systems delivering safe air) and “active” (device in the room to purify the air as you breathe it) to wholistically treat the space, and give the highest possible protection against contamination



- Aeris Defence achieving a unique TGA classification -

- Kills COVID-19 for 24 hours
- This enables a “protects between cleans” claim
- Surfaces continue killing COVID despite multiple touches, unlike standard surface disinfectant which only clean at one point in time



- Aeris continues to evaluate both licencing and sales opportunities for its polymer and treated paper portfolio and engagement with Chinese OEM's remains a priority for these products.

- Focus – enterprise customers

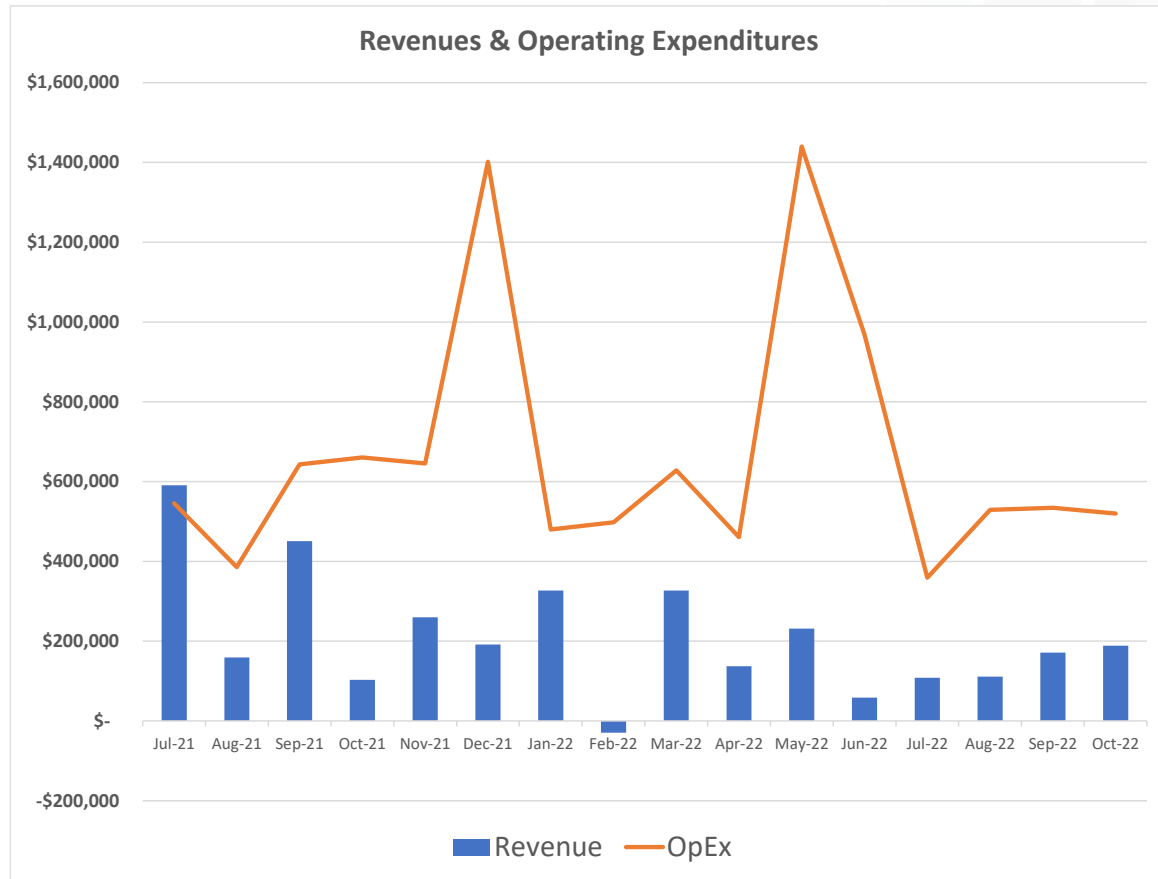
- Our whole of system approach for HVAC&R is being clearly focused on enterprise clients
 - Proof of impact with the enterprise market to unlock network effects



FY22 financials

- Annual revenues for the 2021-22 financial year were \$2.68m (2021: \$7.13m)
- The Company made a loss before income tax of \$7.42m (2021: \$5.98m). The results were a combination of cash and non-cash items, particularly in relation to stock write downs and other impairments accelerated by our strategic review.
- The 2021-22 year saw unparalleled challenges and volatility which impacted customer access, product demand, and transport and supply chain issues.
- Certain categories of products, such as hand sanitisers, went literally from “boom to bust” over this period resulting in front end loading of customers, in some cases for many years of demand, and surplus stock.
- Gross margins improved to 45% (2021: 39%), with scope for further growth as transport and supply chains show a somewhat better outlook.
- Cash receipts were \$3.24m (2021: \$11.37m).
- Aeris remains net debt free.

FY23 YTD



FY23 YTD:

- \$0.5m net reduction in OpEx
- Fixed cost stabilisation
- Post pandemic challenges addressed
- Investment in growth
- Gross margin of 42% YTD FY23

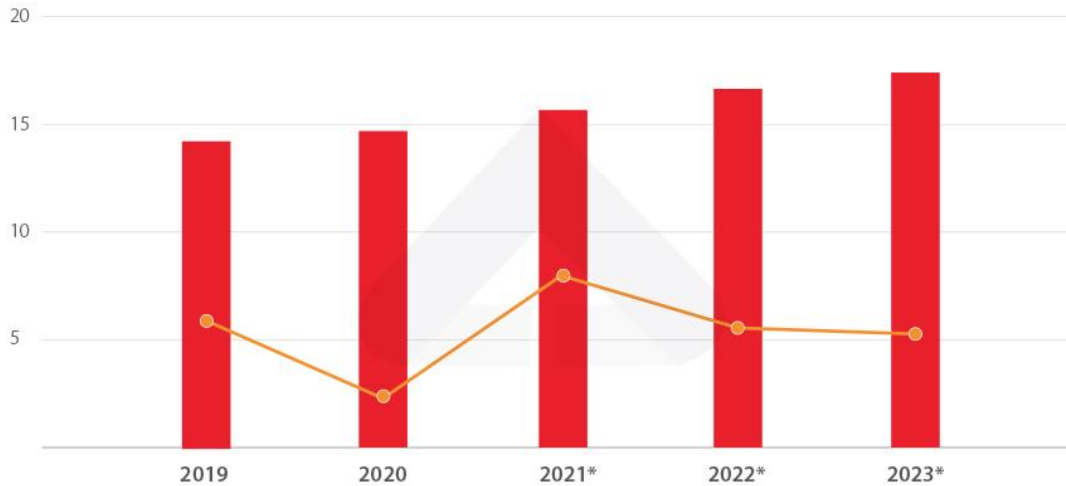
Key near term goals

- Address the ESG needs of our enterprise customers and distributors globally.
- Evolve our product and services portfolio with a customer-centric focus.
- Position Aeris as a strategic partner for IAQ, energy reduction, carbon baseline improvements, and environmental hygiene.
- Drive growth in our international business, leveraging our low cost base and currency together with our most innovative technologies.
- Evolve our portfolio with both organic and non-organic opportunities based on customer needs.
- Build a culture for high performance and live our values of Customer, Teamwork, and Innovation.



China GDP Growth, 2019 to 2023

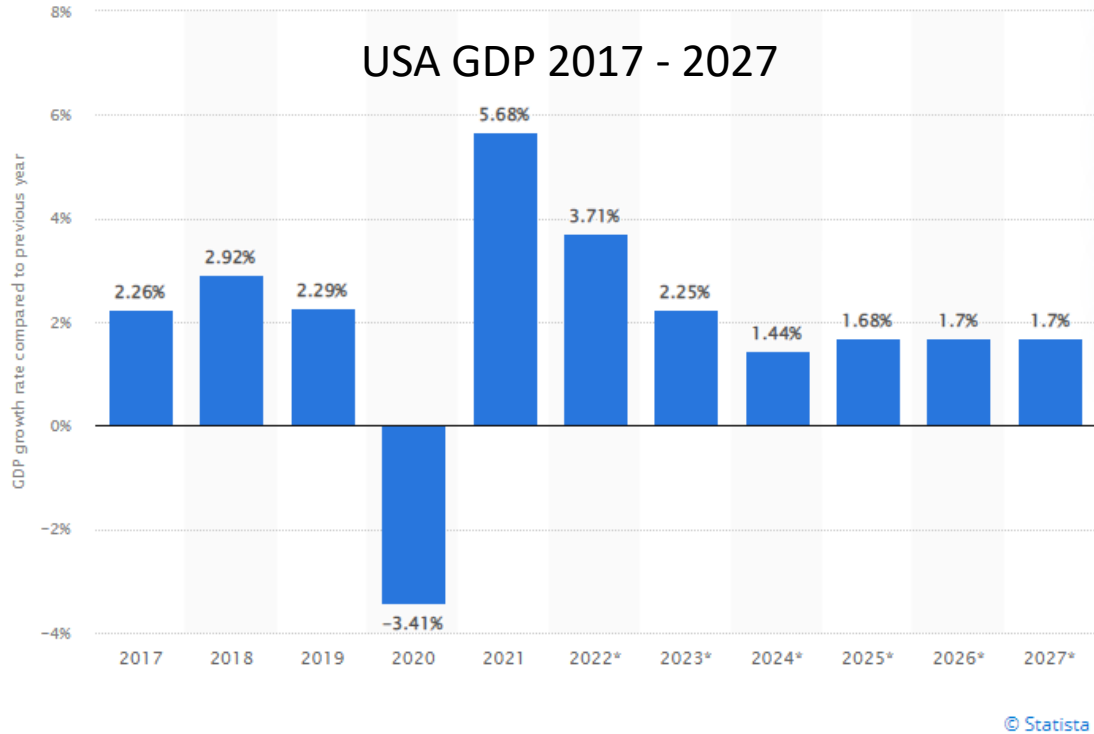
■ Nominal GDP (US\$ trillion) — GDP growth (%)



*Forecast GDP growth from IMF
 **Forecast GDP growth from Statista
 Source: Trading Economics

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- Aeris WFOE strengthens market development
 - Direct registration of products
 - Multi Province distributor network targeted
 - Multi channel approach developing:
 - Distributors
 - Online
 - Government contracts
- Segments:
 - Surface disinfection
 - HVAC&R
- Markets:
 - Healthcare
 - Commercial property
 - Agriculture
- China GDP stabilising, improved outlook for H2 FY23



- US market outlook subdued, requiring focused promotion by Aeris.
- Channel focus is on:
 - OEM's (corrosion protections)
 - Channel partners for disinfection.
- EPA approval achieved for a COVID claim with Aeris Surface Treatment.
- Digital marketing campaign system developed for the US market.
- Supply chain risks lowered, with two US based contract manufacturers secured.

Shareholder value

- Aeris has faced a turbulent and challenging market, including:
 - Post pandemic shifts in demand for commoditised products
 - Repeated and lengthy lockdowns in China
 - Subdued commercial property markets
- The Aeris portfolio is now more comprehensive and customer focussed, with particular emphasis on enterprise customers who have the budget and the commitment to ESG objectives.
- By addressing products and services with existing budgets and C-suite driven needs, the Company aims to drive growth and restore shareholder value.



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