

ASX RELEASE

29 January 2024

Q2 FY24 Quarterly Activities Report & Appendix 4C

Highlights

- Q2 FY24 cash receipts of \$10.2 million and net operating cash outflow of \$2.5 million. Operating cash flow was negative due to favourable working capital (payables and receivables) at the end of the first quarter, which normalised in the second quarter.
- Q2 FY24 unaudited revenue of \$12.6 million, up 5% compared to Q1 FY24 and up 28% compared to Q2 FY23.
- New five-plus year contract signed in early January 2024 for mobile phone detection in South Australia with estimated initial total contract value of \$5 million (excluding GST).
- Contract signed with one US customer for real-time work zone speed enforcement, with another three customer contracts still in negotiations.
- Fully funded with cash reserves (cash and term deposits) totalling \$21.1 million as at 31 December 2023.

Acusensus Limited (ASX:ACE) (**Acusensus** or the **Company**), a technology company designing and developing artificial intelligence enabled road safety solutions, is pleased to provide a summary of its activities for the second quarter ended 31 December 2023 (**Q2 FY24**).

Acusensus Founder and Managing Director, Alexander Jannink, said:

"I am pleased with the progress that the business has made in advancing the growth strategy for our distracted driver enforcement technology. We are seeing continued interest from new customers with requests to submit pricing on tenders. Some existing customers have been exploring increasing units and/or expanding scope. A benefit of our distracted driving solution is that it can easily be expanded to enable additional features to provide a more efficient and effective enforcement service for the customer.

"We recently signed a new contract with the South Australian Government. This represents our seventh major multi-year service contract and will result in half of Australia's states and territories using our innovative technology to address distracted driving. The new program in South Australia builds upon our existing programs in New South Wales, Queensland and the Australian Capital Territory.

"We are also honoured to be recognised by a number of third parties for our technology, service and successful execution to date. This included being awarded the prestigious Prince

Michael International Road Safety Award, which recognises outstanding achievement and innovation world-wide in the road safety sector, as well as receiving Business News Australia Australian Young Entrepreneur of the Year Awards in both the Trailblazer and Technology categories for the exponential growth and technological innovation that the Company has delivered. The equivalent awards were also received at the Melbourne Young Entrepreneur of the Year Awards. Acusensus was also recognised as eighth in the Australian Financial Review's Fast 100 Awards and achieved 23rd place in Deloitte's Tech Fast 50 Awards. Acusensus has been selected as a finalist for the ITS Australia Excellence in Research and Development Awards for its work toward solving the problem of people driving while impaired by drugs or alcohol. These awards are a testament to the team and the culture that we have developed at Acusensus as we continue to innovate, scale and advance the work we do to improve road safety on a global scale."

Australia

The strength and demand for the Company's products in Australia has continued and is evidenced by the signing of a new contract as well as extension and expansion of existing contracts.

In early January 2024, the Company announced it had entered into a new five-year plus contract with the South Australian Government for the provision of multiple fixed mobile phone detection camera installations using the Acusensus 'Heads-Up' solution. The staged rollout of the services is expected to commence from April 2024 and the estimated contract value over the initial five-year term is approximately \$5 million (excluding GST).

During the second quarter, as scheduled, the Company added to the number of trailers in operation for mobile phone and seatbelt enforcement under its contract with Queensland Department of Transport & Main Roads. This will allow the Queensland Government to further increase coverage in regional areas, which is expected to assist in the reduction of road trauma and fatalities. The contract variation adds \$9 million (excluding GST) in incremental revenue over the five-year period. The Company also announced the extension of an existing mobile phone detection camera agreement with Transport for New South Wales for an additional year until 30 November 2024.

International

Acusensus continued to build interest and awareness in the Company's solutions to enforce distracted driving and speed internationally.

In the US, the Company has signed a short-term contract with the Arkansas Department of Transportation for real-time speed enforcement in work zones. It is also continuing negotiations with three other clients who have been successful in applying for federal grant funding for the use of distracted driving detection solutions.

In the UK, the Company is in discussions with a number of road and police authorities for pilots and has an ongoing relationship with Devon & Cornwall Police, following on from a successful pilot earlier in the financial year.

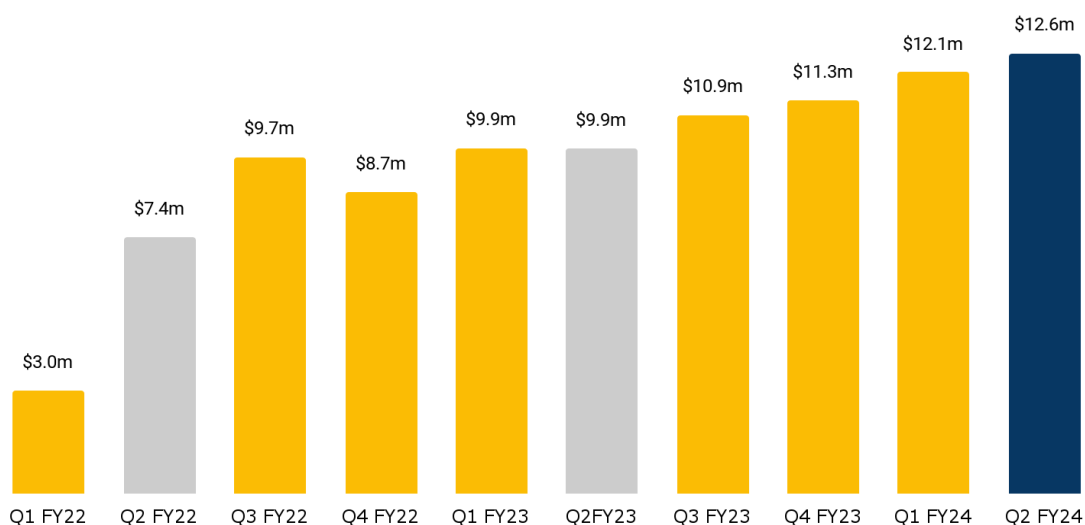
Financial update

Acusensus received \$10.2 million of cash from customers and had operating cash outflow of \$2.5 million for Q2 FY24. The key reason for negative operating cash movement was due to favourable working capital (payables and receivables) at the end of Q1 FY24, which normalised in Q2 FY24.

For the first half, Acusensus had \$22.4 million of cash receipts and \$0.5m of operating cash flow. Operating cash flow for the first half includes the annual payment of \$1.2 million in short-term incentives and \$1.3 million impact from invoices remaining unpaid at the end of December 2023 due to certain customers changing their invoice payment process, extending payment terms to the full 30 days term.

Unaudited revenue for the quarter totalled \$12.6 million. This represents 5% growth compared to the prior quarter and 28% growth compared to the prior year. In the last quarter, the business had incremental revenue from expansion of the Queensland distracted driving and seatbelt enforcement contract and from international growth. These factors contributed to the growth compared to the prior year, alongside benefits from deploying new contracts for distracted driving enforcement in the ACT and speed enforcement in Queensland.

Quarterly Revenue Trends



Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$52,488 was paid in respect of directors' fees. There was also a \$656 sale of goods to Ador Powertron Limited (a related entity of a director of the Company).

Acusensus listed on the ASX on 12 January 2023. The use of funds utilised for the quarter are in line with the use of funds business objectives for the period.

Use of funds (\$m)	Total Raised	Used to 31/12/2023
R&D - Product development	3.5	1.9
International expansion:		
- North America	3.0	1.2
- Europe	2.5	1.0
- Other Markets	1.5	0.0
Capital expenditure	4.0	4.1
Working Capital	3.6	0.0
Costs of the offer	1.9	2.1
Total IPO proceeds	20.0	10.3

Available cash and term deposits (including \$12.0 million term deposit) at the end of the quarter provide adequate cash reserves of \$21.1 million to fund growth prospects domestically and internationally as well as product development initiatives.

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This announcement is authorised by the Board of Acusensus Limited.

About Acusensus

Acusensus is a technology company that was founded in 2018 with a mission to design and develop artificial intelligence enabled road safety solutions. Collaborating with governments and commercial stakeholders to tackle distracted driving globally is Acusensus' first priority.

Acusensus has pioneered intelligent solutions that provide anywhere, anytime digital evidence that can be used in conjunction with law enforcement to drive behavioural change and improve road safety. Acusensus technology is used to detect and provide prosecutable evidence of distracted driving (mobile phone use), seatbelt compliance, speeding, railway crossing compliance and the monitoring of vehicles of interest.

Acusensus listed on the Australian Securities Exchange in January 2023. Acusensus is headquartered in Melbourne, Australia, with offices also in Sydney, Brisbane, London (UK) and Las Vegas (United States).

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Acusensus Limited

ABN

17 625 231 941

Quarter ended (“current quarter”)

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,182	22,446
1.2 Payments for		
(a) research and development	(523)	(1,304)
(b) product manufacturing and operating costs	(8,201)	(12,933)
(c) advertising and marketing	(6)	(64)
(d) leased assets	-	-
(e) staff costs	(2,749)	(5,203)
(f) administration and corporate costs	(1,240)	(2,865)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	57	400
1.5 Interest and other costs of finance paid	(19)	(38)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material):		
Insurance proceeds	-	6
Other	5	5
1.9 Net cash from / (used in) operating activities	(2,494)	450

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(744)	(2,360)
(d) investments	-	-
(e) intellectual property	(485)	(963)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(1,229)	(3,323)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	115	115
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material): Lease payments	(432)	(798)
3.10	Net cash from / (used in) financing activities	(317)	(683)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period*	13,329	12,799
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,494)	450
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,229)	(3,323)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(317)	(683)
4.5	Effect of movement in exchange rates on cash held	(140)	(94)
4.6	Cash and cash equivalents at end of period	9,149	9,149

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,596	7,776
5.2	Call deposits*	4,138	4,138
5.3	Bank overdrafts	-	-
5.4	Other – bank guarantees	1,415	1,415
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,149	13,329

* Call deposits included in this table only include term deposits with less than 3 months maturity in accordance with the definition of cash and cash equivalents per AASB 107: Statement of Cash Flows. In addition to these call deposits, Acusensus has a \$12.0 million term deposit classified as other current assets. Cash and cash equivalents as at 31 December 2023 of \$9.1 million plus \$12.0 million of term deposits classified as other current assets, totalled \$21.1 million (\$25.3 million at the end of the previous quarter).

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	52
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	701	701
7.2 Credit standby arrangements	-	-
7.3 Other (please specify):	-	-
7.4 Total financing facilities	701	701
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Motor vehicle lease funding – Lender: LeasePlan, circa 4.2% interest rate, maturity dates range 18/06/2024-23/10/2026, leases are secured by a fixed charge over the vehicles.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,494)
8.2 Cash and cash equivalents at quarter end (item 4.6)	9,149
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	9,149
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.7
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: N/A</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.