

ASX ANNOUNCEMENT

31 October 2022

SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT

QUARTERLY ACTIVITY

RemSense in early 2022, realised that through partnering and integrating with global industrial asset management and analytics system providers such as IBM that the opportunities for our virtual plant digital twin solution were larger than anticipated.

Hence RemSense during the last quarter;

- a) further developed virtual plant as a fully certified enterprise grade solution with analytics capabilities as identified by targeted partners and clients.
- b) refreshed its marketing strategy to give greater focus on strategic partnerships with leading global asset management solution providers.
- c) developed new features to extend the product further than originally planned in this time period.
- d) completed the purchase of Intellectual Property and patents from Woodside for \$400,000 funded by founder and directors exercising 25c options to inject the additional cash required.

The expanded opportunity has been further detailed in the Investor Update and SPP Presentation which was released on the ASX on 13 October 2022. The total market size (5-year value) with the IBM industrial asset management customers alone is an estimated \$4 Billion (refer to slide 8 of the Investor Update and SPP Presentation for more explanation), hence, to capture even just a small share will be significant for RemSense.

RemSense is seeking additional working capital via a Share Purchase Plan as announced on 13th October 2022 to execute contracts and prospects resulting from this expanded opportunity, including contract awards announced on 6th October 2022 for Chevron's Gorgon Train 2, Oceaneering, and Infinite Green Energy and the IBM opportunity detailed on the 13th of October 22.

ADDITIONAL APPENDIX 4C DISCLOSURES

The following information is provided as required under ASX Listing Rule 4.7C that has not been disclosed in the body of the quarterly activities report.

ASX Listing Rule 4.7C.2

The “use of funds” statement in the prospectus covers two years from date of listing. The table below details a list of the total amount estimated in the prospectus by category, and the amount spent and invested for the quarter ending 30 September 2022:

Expenditure (\$,000)	IPO use of funds 2 years	Actual to 30 Sep 2022	Remaining Balance	Material Variance Explanation
Business development and marketing	2,100	855	1,245	On track with greater expenditure in second year
Product improvements and ongoing development of virtual plant	500	629	-129	Additional features developed which enhances marketability
Expenses of the Offer	506	485	21	Final
Capital Expenditure	500	656	-156	Concluded purchase of background Intellectual Property (IP) from Woodside not in original projection for \$400,000 which now removes ongoing license fee payments thus lowering future costs ¹
Working Capital	1,796	1,382	414	Greater than expected due to enhanced VP product development and updated plan / focus on major asset management software providers (ie IBM) delaying original projected sales
TOTAL	5,402	4,007	1,395	

¹ 1,609,881 Share Options as part of the capital structure on IPO were exercised at \$0.25 on 18 July 2022 providing additional equity around the time the purchase was concluded

The Group is on track to meet its business objectives that sit behind the “use of funds” statement.

ASX Listing Rule 4.7C.3

Payments to related parties totalling \$151,365 for the quarter, comprising director and key management personnel salaries and superannuation.

-ENDS-

This announcement has been approved for release by the Board of RemSense Technologies Limited.

For further information:

Steve Brown
Managing Director and CEO
+61 8 6118 5610
rem@remsense.com.au

About RemSense

RemSense Technologies Limited (ASX: REM)

We focus on delivering technology services that create value, whether it be new insights to a client's assets, developing new tools to increase productivity and improve safety or creating virtualplant a visual digital twin platform that re-defines value generation.

Appendix 4C

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

Name of entity

RemSense Technologies Limited

ABN

50 648 834 771

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	738	738
1.2 Payments for		
(a) research and development	(1)	(1)
(b) product manufacturing and operating costs	(394)	(394)
(c) advertising and marketing	(71)	(71)
(d) leased assets	-	-
(e) staff costs	(819)	(819)
(f) administration and corporate costs	(229)	(229)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(777)	(777)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(20)	(20)
(d) investments	-	-
(e) intellectual property	(560)	(560)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	(580)	(580)

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	402	402
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	-	-
3.9	Other (lease liabilities right of use assets)	(29)	(29)
3.10	Net cash from / (used in) financing activities	373	373

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,140	2,140
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(777)	(777)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(580)	(580)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	373	373
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,156	1,156

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	156	640
5.2	Call deposits	1,000	1,500
5.3	Bank overdrafts		-
5.4	Other (provide details)		-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,156	2,140

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amounts of payments to related parties and their associates included in item 1	151
6.2	Aggregate amounts of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(777)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,156
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,156
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.49
<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?	
	Answer: <i>Several new contracts finalised, and further contracts currently being negotiated. Future receipts from customers, therefore, expected to increase.</i>	
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: <i>Announced a Share Placement Plan on 12th of October to raise funds for future working capital. Other placement options being investigated.</i>	

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: *Yes, based on traction being gained in selling its virtualplant software product and funds being raised.*

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: 31 October 2022.

Authorised by: Steve Brown – Chief Executive Officer
(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.