

ASX ANNOUNCEMENT

31 January 2023

DECEMBER 2022 QUARTERLY ACTIVITIES REPORT

QUARTERLY ACTIVITY

Virtualplant Foundations Built and Strengthened

- RemSense is continuing the roadmap of integrating virtualplant into IBM's Maximo Applications Suite (MAS). This capability offers efficiency improvements for multiple asset management activities, enabling rapid localisation of plant assets from the MAS Manage application into our visually accurate virtualplant environment. Additionally, users can monitor MAS IoT data of plant assets directly within the photorealistic environment of virtualplant, providing unprecedented contextual relevance to remote asset monitoring and predictive maintenance activities. This capability was first demonstrated to industry by IBM at the WA Mining Conference and Exhibition in Perth on Oct 12, 2022.
- RemSense received confirmation from the Commissioner of Patents that Innovation Patent 2020104485 has been granted. This innovation patent covers virtualplant's core features and is titled "An asset visualisation system"
- Remsense joined the Centre of Decommissioning Australia (CODA) and is currently working on a number of initiatives utilising virtualplant for the status and monitoring of oil and gas facilities promising cost savings and occupational health and safety benefits from reducing the need to physically visit site to inspect assets and facilities when planning decommissioning activities.

Asset Management System Integration Strategy On Track

- 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 virtualplant digital twin solution were exponentially larger than anticipated.
- RemSense revised its business strategy and;
 - redirected resources to develop as a fully certified enterprise grade solution with analytics capabilities as identified by targeted partners and clients.
 - refreshed its marketing strategy to give greater focus on strategic partnerships with leading global asset management solution providers.

- o developed new features to extend the product further than originally planned in this time period.
 - o Reorganised and restructured the business to simplify the business model to focus on virtualplant and associated data capture and services.
- This work is substantially complete with a streamlined organisation and RemSense is seeing the opportunities and prospects grow in line with expectations. Opportunities and prospects are further detailed in the Opportunity Update below.
- The refreshed marketing strategy is client focused, in parallel RemSense has increased its investor news with regular newsletters, webinars and presentations.
- Virtualplant is generating traction with asset management software providers and end users as it allows users to think and operate naturally.

QUICK TO
SCAN

QUICK TO
PROCESS

SIMPLE TO
DEPLOY

How do you see your assets?

Virtualplant is an asset visualisation platform empowering you to remotely step into your facilities from anywhere.

Born in the cloud, virtualplant is a high-resolution, photogrammetric visual twin of your assets that can link to existing enterprise management systems as well as corporate and operational technology platforms.

Providing visual ways of working in one common platform, being accessible anytime, anywhere, on any device - virtualplant simplifies collaboration across your teams, contractors and partners.

SOME OF VIRTUALPLANT'S KEY BENEFITS:



Accelerate digital transformation
Visual ways of working empowers the workforce



Maintenance efficiency
Visualise critical asset health IoT data



1-2% saving per asset
Estimated reduction in annual maintenance budget



Turnarounds
Improved planning efficiency



Drive Net-Zero
Surface and quantify asset emission data



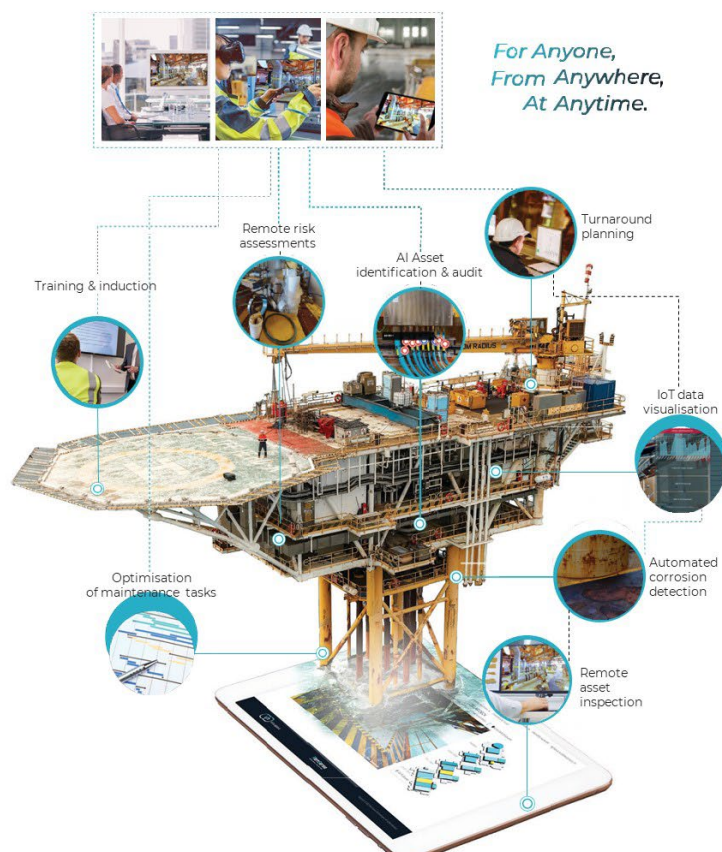
Reduce HSE risk
Avoiding unnecessary travels to site



Reduce risks
Planning safe working areas and access routes



Virtual Asset Register
Maintain an accurate visual register of assets



RemSense

WE CREATE SOLUTIONS

info@remsense.com.au

+61 (08) 6118 5617

remsense.com.au

virtualplant

RemSense Technologies Limited

Suite 173, 580 Hay St Perth WA 6000 | +61 8 6118 5610 | rem@remsense.com.au

ACN 648 834 771

New Virtualplant Contracts Awarded and Executed

- Whilst focusing on virtualplant development and integration RemSense executed the following virtualplant projects during the December quarter.
 - Following the successful virtualplant scanning of the Wheatstone platform, RemSense undertook virtualplant scanning of Gorgon LNG Train 2 for a contract value of approximately \$500,000.
 - Global industrial technology company Oceaneering contracted RemSense to provide data capture and asset visualisation through the virtualplant platform to support the plant life extension for the Triangle Energy Cliff Head platform.
 - Remsense concluded a pilot program with Programmed virtualplant scanning of key water and power infrastructure on Rottnest Island WA, and integration into Programmed's existing IBM MAS asset management system. This is now being evaluated by Programmed for wider application across Programmed managed asset business.
 - RemSense completed a virtualplant photogrammic digital twin of the Pyrenees FPSO (Floating Production Storage and Offloading vessel), a former BHP asset, for a contract value of \$206,000 which includes operational data capture and a SaaS agreement for an initial one (1) year contract. This project was completed ahead of schedule in early January 2023.

Opportunity Update

RemSense has been actively marketing to Australian resource sector clients through 2022 whilst also focusing on the revised strategy. Sales of enterprise software systems like virtualplant V2.0 typically occupy a 12-to-18-month sales cycle to Tier 1 clients.

RemSense is now seeing the benefit of this with the new awards in the December quarter and is in final stages of project negotiation with Tier 1 clients valued in excess of \$2m for work in calendar years 2023 and 2024 with ongoing SaaS opportunities. Additionally, RemSense is providing proposals for certain overseas assets of our existing customers.

RemSense is presently pursuing 77 qualified Australian based opportunities (\$16m in value) in various stages of development and a number of pilot programs are active or being proposed to local WA based industrial companies.

Through establishing global partnerships with the major asset management software providers (including IBM and SAP) that will enable virtualplant to be sold and used globally through their existing networks and customer relationships RemSense is building out an international presence.

A structured approach is being employed with a planned rollout with IBM as follows:

- Agreements signed.
- Strategy agreed.
- Pilot programmes underway.
- Jan - March 2023 complete pilot programs and integrations, build marketing stories.
- March - June 2023 sales enablement through global network.

As previously outlined, the total market size (5-year value) with the IBM industrial asset management customers alone is an estimated \$4 Billion, hence, to capture even just a small share will be material for RemSense.

WORKING CAPITAL POSITION

RemSense concluded in November 2022, a Share Purchase Plan raising a total of \$ 570,000 which was less than the target (\$2 million).

The Company is currently seeking additional capital (incl. via share placement or share options) to support growth and continues to balance the working capital position of the Company with its plans to partner with IBM and grow new virtualplant customers.

RemSense is projecting to be cashflow positive by December 2023, based upon projected sales outcomes.

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 31 December 2022:

Expenditure (\$,000)	IPO use of funds 2 years	Actual to 31 Dec 2022	Remaining Balance	Material Variance Explanation
Business development and marketing	2,100	1,120	980	On track with greater expenditure in second year
Product improvements and ongoing	500	887	(387)	Additional features developed which enhances marketability

development of virtual plant				
Expenses of the Offer	506	485	21	Final
Capital Expenditure	500	687	(187)	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	1,962	(166)	Greater than expected due to enhanced VP product development and updated plan / focus on major asset management software providers delaying original projected sales
TOTAL	5,402	5,141	261	

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 \$170,000 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)

RemSense has developed virtualplant, a photographic asset visualisation platform that fulfills the promise of VR/AI technology as a digital representation of plant assets (digital twin) that integrates with existing business operations and asset management systems to deliver greater productivity, increased safety, and reduced cost.

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")

31 December 2022

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	294	1,032
1.2 Payments for		
(a) research and development	(2)	(3)
(b) product manufacturing and operating costs	(62)	(456)
(c) advertising and marketing	(42)	(113)
(d) leased assets	-	-
(e) staff costs	(866)	(1,685)
(f) administration and corporate costs	(95)	(324)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(4)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	(34)	(34)
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(808)	(1,585)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(31)	(51)
(d) investments	-	-
(e) intellectual property	(156)	(716)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(187)	(767)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	570	570
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	402
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(26)	(26)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of Premium Funding	(81)	(81)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease liabilities right of use assets)	(29)	(58)
3.10	Net cash from / (used in) financing activities	434	807

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,156	2,140
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(808)	(1,585)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(187)	(767)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	434	807
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	595	595

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	595	156
5.2	Call deposits	-	1,000
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)	595	1,156

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	170
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)	(808)
8.2	Cash and cash equivalents at quarter end (item 4.6)	595
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	595
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.74
	<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: Receipts totalling \$358,000 were due in December but were not paid on time. This full amount has been collected in January and thus our cash balance at 30th of January is \$844,000. Additionally new contracts currently being negotiated are expected to increase sales and cash receipts and therefore net operating cashflow is expected to increase.	
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: The Company is currently seeking additional capital (incl. via share placement or share options) to support growth and continues to balance the working capital position of the Company with its plans to partner with IBM and grow new virtualplant customers.	

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.*

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 January 2023.

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.