ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 June 2024

RemSense Technologies Limited

ABN 50 648 834 771

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OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

RemSense experienced a year marked by significant advancements in our virtualplant technology, successful project deliveries, and strategic restructuring aimed at driving future growth.

As detailed hereafter, whilst revenue decreased compared to the prior year, the Group's ability to improve gross margin, reduce net loss, and enhance operational efficiencies, including lower staff hours and turnover, reflects our commitment to building a resilient and sustainable business and look forward to continuing this progress in the coming year.

RemSense has a robust sales pipeline with opportunities across various sectors, including oil and gas, mining, utilities, and now extending into construction and facility management. The Group's strategy to leverage existing client relationships while expanding into new markets and sectors is expected to drive continued growth.

Throughout the financial year ending 30 June 2024, RemSense continued to strengthen its position in the oil and gas and mining sectors. The company delivered major projects, including the virtualplant technology for Newmont's Boddington Gold Mine, Chevron's LNG projects in Australia's northwest, as well as Woodside Energy's Floating Production Storage and Offloading (FPSO) vessels. These projects involved both terrestrial and drone-based reality capture, providing high-resolution 3D models and detailed inspections that enhance operational safety and efficiency. RemSense also expanded its service offerings, delivering drone-based water sampling for mining companies including BHP.

Technological innovation was a key focus for RemSense, with continuous development and enhancement of its virtualplant platform. The platform saw significant upgrades, including an enhanced user interface, improved data security, and advanced AI capabilities for asset management. These features were integrated with Enterprise Asset Management systems like SAP and IBM Maximo, making virtualplant a leading solution in asset visualisation and auditing. The integration of IoT capabilities and drone imagery further positioned the platform as a comprehensive tool for real-time operational insights and detailed asset management.

RemSense has introduced a revised virtualplant Software as a Service (SaaS) subscription model to provide customers with flexible, modular licensing options that highlight the value of its powerful add-on features. These include the flagship AI-powered Asset Audit module (vTag), IoT integration module (vConnect), maintenance planning module (vPlanner), and the beta release of the automated defect and corrosion detection module (vDetect). Each add-on is available for an additional subscription and implementation fee, giving customers the flexibility to choose the features that best suit their needs.

RemSense launched virtualplant Air, a new product that integrates high-resolution aerial photogrammetry captured by drones, complementing virtualplant's terrestrial imagery. This innovation provides virtualplant users with a comprehensive "inside and outside" first-person view of their facility. The 3D high-resolution aerial imagery in virtualplant Air helps companies reduce or even eliminate certain high-risk activities, such as staff working at heights on platforms, scaffolding, or ropes to inspect elevated structures and equipment. Leveraging RemSense's in-house RPAS expertise and aircraft, virtualplant Air is offered through a service fee for image capture, processing, and modelling, along with an annual SaaS subscription.

The company also pursued strategic partnerships to expand its market reach, particularly in North America and Southeast Asia. Negotiations with international partners (Malaysia, US) were aimed at reselling and deploying virtualplant across these regions, reflecting RemSense's global growth strategy.

REVIEW OF OPERATIONS (continued)

RemSense focused on securing capital to support its operations and growth initiatives. The company raised funds through placements and entitlement offers, while also securing an R&D rebate. These efforts were complemented by a restructuring of the leadership team, including the appointment of a new CEO with extensive industry experience and changes to the board of directors. These leadership changes were instrumental in driving new sales initiatives and expanding the company's business development capabilities.

FINANCIAL RESULTS AND CONDITION

During the financial year ending 30 June 2024, the Group experienced a decrease in revenue compared to the prior year. Despite this decline, the Group successfully improved its gross margin and reduced its overall loss, reflecting the effectives of cost management strategies and operational improvements.

Revenue for the year was $1,663,375, down 20.22% from $2,084,835 in the prior year. The reduction in revenue is primarily attributed to the Group's decision to focus its efforts on the further development and marketing of its virtualplant technology, scanning services and provision for virtualplant subscription contracts, rather than non-virtualplant related engineering projects.

Despite the reduction in revenue, the Group achieved a gross margin of 63.96%, an improvement from 54.12% in the prior year. This improvement in gross margin can be attributed to cost control measures and improved operational efficiencies.

The Group's net loss of $2,306,165, is a 23.99% reduction from the loss of $3,033,883 in the prior year. This reduction is the result of improved gross margins and strategic reductions in operating expenses, including more efficient use of staff hours.

Over the course of the latter part of the financial year, management addressed staffing levels, leading to a reduction in personnel outlays, whilst maintaining productivity and quality solutions for customers. Additionally, the new leadership team ensured the retention of key staff member resources that has contributed to improved efficient and a consistently productive operational technology enhancing environment.

The Group has a working capital deficit of $298,072 (2023: surplus of $161,895) and had net cash outflows of $464,002 (2023: net cash outflow of $1,350,522).

The Company remains acutely aware of the current economic climate and continues to assess costs incurred to ensure appropriate allocation of resources.

BUSINESS STRATEGIES AND PROSPECTS

The Leadership Group has targeted on revitalising its business development capability which has resulted in a growing sales pipeline with opportunities across oil and gas, mining, and the utilities sectors. The improvements in gross margin, reduced loss, enhanced operational efficiency, and new customer responsive solutions, position us well for future growth and ultimately profitability.

BUSINESS STRATEGIES AND PROSPECTS (continued)

Strategic Service Delivery Partnerships
RemSense will continue to develop strategic partnerships to expand its global market reach. This will enable RemSense to scale its service delivery on demand. RemSense has partnered with service organisations who are similarly equipped and certified to deliver RPAS (Remotely Piloted Aircraft System) services and can also be skilled up in terrestrial scanning by RemSense to operate high-resolution 3D 360^{o} cameras.

In Australia, businesses must have remotely piloted aircraft operator's certificate (ReOC) to trade as a drone service provider and pilots must have a remote pilot licence (RePL). This is strictly regulated by Australia's Civil Aviation Safety Authority (CASA). Since similar regulatory aviation authorities in most other jurisdictions, RemSense RPAS pilots are not licensed to operate and hence the requirement to partner with certified businesses. Our service partners will enable RemSense to offer virtualplant Air in other regions outside of Australia.

Strategic Technology Partnerships
RemSense has designed virtualplant as a versatile and powerful visualisation platform, built to integrate leading-edge technologies for data insights and visualisation. RemSense are continuously seeking technology partners with complementary and innovative solutions to enhance virtualplant, delivering an ever-evolving user experience and greater commercial value. As an enterprise-level platform, virtualplant seamlessly integrates with corporate systems, providing access to both static and real-time operational data in an intuitive, immersive environment. RemSense's strategic goal is to expand our network of technology partners, ensuring virtualplant offers comprehensive, centralised insights to its users.

In summary, RemSense's achievements in project delivery, technology development, and strategic growth initiatives are driven by customer risk mitigation solutions, that set the stage for a strong and successful future. The company is well-positioned to capitalise on the emerging opportunities and expand its global footprint in the coming year.

BOARD AND MANAGEMENT CHANGES

On 7 September 2023, Warren Cook was appointed Chief Executive Officer (CEO) as a key part the Group's strategic plan to sustain growth and leadership.

To ensure a smooth transition, our former longstanding Managing Director, Steve Brown, transitioned to a Non-Executive Director position until his retirement on 14 December 2023. Mr Brown had been the Managing Director since the inception of the Company and made an enormous contribution to the Company during his tenure.

On 21 February 2024, Non-Executive Chair Chris Sutherland and Non-Executive Director Sue Murphy resigned from the Board.

At the same time Ross Taylor, formerly Non-Executive Director, assumed the role of Non-Executive Chair of the Company, and John Clegg and Richard Pace, joined the Board as Non-Executive Directors.

On 10 May 2024, Jillian Rosich resigned as Chief Financial Officer (CFO).

On 13 June 2024, Richard Pace resigned as Non-Executive Director, and Warren Cook joined the Board as Executive Managing Director.

MATERIAL BUSINESS RISKS

The key risk factors affecting the Company are set out below.

Technological obsolescence
Rapid technological advancements may render current products or technologies obsolete, necessitating continuous innovation and investment in research and development (R&D). Our development processes which centres on continuous innovation include constantly assessing potential vulnerabilities, prioritising items for correction, and through customer collaboration, regular enhancements help us protect against degradation to our software.

Sales and Customer Retention
Sales and customer retention are critical areas that can significantly impact its financial performance. Not meeting evolving customer needs or industry trends, risks losing customers to more adaptable competitors. A high pace of innovation needs to be maintained to avoid falling behind competitors in terms of technological advancement or failing to offer new, in-demand features can lead to loss of sales.

Intellectual property (IP) risks
The potential for IP theft, patent infringement, or challenges in securing patents for new technologies. Loss of IP could erode competitive advantage. We have implemented several legal measures, such as non-disclosure agreements, customer terms and condition agreements, software licensing, and employment agreements, to ensure that any confidential information is kept secure. Additionally, we take great care to ensure that certain details of our data and code remain undisclosed in public scenarios.

Regulatory and compliance risks
Changes in regulations, particularly to data privacy, cybersecurity, and product safety, may impact product development or market entry. We regularly monitor regulatory changes, engage with legal counsel, ensuring compliance with all relevant laws and standards.

Market acceptance and adoption
New technologies may face challenges in market acceptance, either due to consumer resistance, lack of awareness, or competition from established solutions. We have robust marketing strategies, customer education, and user-friendly design to encourage adoption, alongside customer feedback loops to refine offerings.

Cybersecurity
The increasing prevalence of cyberattacks poses a threat to data security, intellectual property, and overall business operations. RemSense has implemented strong cybersecurity measures, regular audits, and staff training to prevent breaches, as well as contingency planning for incident response.

Funding and cashflow
Technology development often requires significant capital investment, and fluctuations in cash flow can impede progress. Challenges in securing funding or managing burn rate may arise. RemSense utilises diverse funding sources, maintaining a prudent financial management approach, and aligning spending with project milestones.

Supply chain and operational risks
Disruptions in the supply chain, including shortages of key components or delays in production, can impact the development and delivery of products. We have built strong relationships with suppliers, diversifying our supply sources.

MATERIAL BUSINESS RISKS (continued)

Key Personnel
RemSense has several key management personnel including subject matter experts in the target field. The ability to attract and retain top talent, especially in highly competitive tech fields, is crucial. A shortage of skilled professionals could slow innovation and product development. Risk mitigation measures include offering competitive remuneration packages with short, and long-term incentives, fostering a positive company culture, and investing in employee development programs.

Competition
Risk of intense competition from established players or emerging start-ups may erode market share and put pressure on margins. We are continuously innovating and focusing on unique value propositions and maintaining strong customer relationships to differentiate the Group from competitors.

Global economic conditions
Economic downturns, fluctuations in currency exchange rates, or geopolitical instability can affect global demand for technology products and services, or delay mobilisation.

Litigation risk
There is a risk that RemSense may be exposed to legal actions, including product liability claims, especially if a technology fails or causes harm. We have implemented rigorous testing and quality assurance processes, obtaining appropriate insurance coverage to minimise the impact of such actions.

Customer concentration
Over-reliance on a small number of key customers could lead to significant revenue loss if those customers reduce or terminate their business. We have taken steps to diversify our customer base and develop long-term contracts with key clients to reduce dependency on any single customer.

Taxation risk
Changes to the rate of taxes imposed on the Group or changes in tax legislation or changing interpretations enforced by taxation authorities, whether in Australia or such other foreign jurisdictions in which RemSense may operate, may lead to an increase in taxation obligations and a reduction in potential shareholder returns.

Australian Accounting Standards and International Financial Reporting Standards
Accounting Standards are set by the AASB and IASB and are outside the Directors' and the Company's control. Changes to accounting standards issued by the AASB and IASB may have a material adverse impact on the financial performance and position of RemSense Technologies as reported in its financial statements.

Unforeseen risk
There may be other unforeseeable circumstances beyond the control of the Company which may impact RemSense, its operations and/or the valuation and performance of its shares. The above list of key risks ought not to be taken as exhaustive of the risks faced by RemSense or its investors. The above risks and others not specifically referred to above may in the future materially affect RemSense Technologies, its financial performance or the value of its shares.

Each of the key risks if they were to materialise, could have a material and adverse impact on (amongst other things) the Group's business, reputation, growth, financial position and/or financial performance. RemSense has an established risk management framework in place to identify, assess and mitigate risks in accordance with the materiality and risk tolerance parameters set by the Board of Directors.

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of RemSense Technologies Limited (referred to hereafter as the 'Company') and the entity it controlled at the end of, or during, the year ended 30 June 2024.

DIRECTORS

The names of the directors who held office during the whole of the financial year and up to the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Warren Cook	Managing Director	Appointed 13 June 2024
Ross Taylor	Non-Executive Chairman	Appointed 20 August 2020
John Clegg	Non-Executive Director	Appointed 21 February 2024
Steve Brown	Non-Executive Director Managing Director	Appointed 7 September 2023; Retired 14 December 2023 Appointed 15 October 2012
Chris Sutherland	Non-Executive Chairman	Appointed 20 August 2020; Resigned 21 February 2024
Sue Murphy	Non-Executive Director	Appointed 14 May 2023; Resigned 21 February 2024
Richard Pace	Non-Executive Director	Appointed 21 February 2024; Resigned 13 June 2024

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the Group were to provide innovation, data capture and insights, and virtualplant Visual Twin software solutions across industrial, infrastructure and resources market sectors.

The Group has not reached a stage in its development where it is generating an operating profit.

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 30 June 2024 (2023: Nil).

INFORMATION ON DIRECTORS

Information on Directors	Experience, qualifications, and other directorships
Name: Title: Qualifications:	Ross Taylor Non-Executive Chair BCom, SIA, ACA
Experience and expertise:	Ross is a Chartered Accountant and an investment banking consultant with a thorough knowledge of international financial markets gained whilst working in Australia, London, New York, and Tokyo. Ross has extensive experience in the global investment banking sector and has held senior positions with Deutsche Bank, Bankers Trust and Barclays Capital.
Other current directorships:	Non-executive Chair of Lodestar Minerals Limited since 30 June 2014
Former directorships (past 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee Member of the Nomination and People Committee
Interests in shares: Interests in options:	222,394 9,075,599
Name: Title: Qualifications:	Warren Cook Managing Director BSc. (Hons)
Experience and expertise:	Warren has a Bachelor of Science (Geology) degree and more than 20 years' experience in technology development and commercialisation across mining, environmental and energy industries. Warren spent five years as CEO of acQuire Technology Solutions delivering information management software solutions for the resource industry. Warren has extensive international experience having delivered projects in Australia, Brazil, Canada, Chile, France, Ghana, India, Indonesia, Iran, New Zealand, PNG, Philippines, South Africa, UK, and the USA.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	None
Interests in shares: Interests in options: Interests in rights:	2,375,000 7,187,500 1,000,000

INFORMATION ON DIRECTORS (continued)

Name	Experience, qualifications, and other directorships
Name: Title: Qualifications:	John Clegg Non-Executive Director FCA, FAICD
Experience and expertise:	John, a chartered accountant since 1965, brings over five decades of expertise to his roles. Following sixteen years at Arthur Young & Co. (Ernst & Young), in 1986 John shifted focus to start-up ventures, offering directorship and consulting services. His extensive portfolio includes guiding public companies through IPOs, restructuring private firms, and serving as CFO for RemSense pre-ASX listing.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	Chair of the Nomination and People Committee Chair of the Audit and Risk Committee
Interests in shares: Interests in options:	10,138,786 4,360,000
Name: Title:	Steve Brown Managing Director
Experience and expertise:	Mr Brown is a commercially astute, results driven and focused strategic leader with a proven track record in orchestrating strong organisational and revenue growth. He has extensive expertise in establishing and articulating company direction, high level strategy, evaluating complex operating environments, emerging market trends, and aligning corporate culture. Steve has repeated success in building outstanding professional teams to support high growth organisations. Steve has over 20 years' experience as CEO with Covus Corporation (a subsidiary of Clough) and European company DOF Subsea from 2005 until 2013 where he was responsible for the global business based in Europe and Executive Vice President responsible for Australia and Asia, with directorships on all group companies in Australia, Singapore, Indonesia, Malaysia, and Brunei.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	None
Interests in shares: Interests in options:	13,587,639 1,100,000

INFORMATION ON DIRECTORS (continued)

Name	Experience, qualifications, and other directorships
Name: Title: Qualifications:	Chris Sutherland Non-Executive Chairman BEng., AICD.
Experience and expertise:	Mr Sutherland has significant executive leadership expertise spanning more than 20 years, encompassing a wide array of sectors in Australia; including oil and gas, resources, infrastructure, and manufacturing. Most notably he was Managing Director and Chief Executive Officer of Programmed Maintenance Services Limited (formerly Integrated Group), a leading staffing, maintenance, and facility management services provider, from January 2008 to September 2019. This included leading Programmed during its acquisition by Japanese-based group Persol in 2017. Chris was also APAC Region Managing Director of subsea contracting firm, Sonsub Services and has held various executive and management roles with major multidisciplinary engineering companies including Clough and WorleyParsons. Chris completed an Advanced Management Program at Harvard Business School, was a co-founder and Chair of a Perth-based group of CEOs for Gender Equality and was awarded the Australian Human Resources Institute CEO Diversity Champion Award (AHRI) in 2017.
Other current directorships:	Non-Executive Chairman of CopperSearch Ltd Appointed 21 June 2021 / ASX Listing 14 September 2021 Non-Executive Director of Matrix Composites & Engineering Limited Appointed: 10 December 2020
Former directorships (past 3 years):	Non-Executive Director of MACA Limited From 26 February 2020 to 10 September 2020
Special responsibilities:	Member of the Audit and Risk Committee Member of the People and Nomination Committee
Interests in shares: Interests in options:	2,105,990 4,396,264

INFORMATION ON DIRECTORS (continued)

Name	Experience, qualifications, and other directorships
Name: Title:	Sue Murphy Non-Executive Director
Experience and expertise:	Sue has over 40 years of experience in the resources and infrastructure industries. Holding a Bachelor of Civil Engineering from the University of Western Australia, Sue commenced as a Graduate Engineer with Clough Engineering in 1980. She went on to enjoy a 25-year career with Clough, progressing through a wide range of operational and leadership roles before being appointed to the Board of Clough Engineering Ltd in 1998. After leaving Clough in 2004, Sue joined the Water Corporation of Western Australia as the General Manager of Planning and Infrastructure, before being appointed as Chief Executive Officer in 2008, a role she held for over a decade. Sue has received many accolades throughout her career including being awarded the prestigious Sir John Holland Civil Engineer of the Year Award by the Board of the College of Civil Engineers and is an Honorary Fellow of Engineers Australia. She was recognised for her work in water infrastructure with the International Water Association's 2014 Women in Water award and was the 2018/19 West Australian Business Leader of the Year at the AIM WA Pinnacle Awards. In 2019, Sue was made an Officer of the Order of Australia for distinguished service to the natural resources sector in Western Australia and to engineering.
Other current directorships:	Sue is currently a Director of MMA Offshore Limited, Monadelphous Group Limited, the West Australian Treasury Corporation, and Pro Chancellor of the University of Western Australia.
Former directorships (past 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee Chair of the People and Nomination Committee
Interests in shares: Interests in options:	50,000 3,000,000
Name: Title:	Richard Pace Non-Executive Director
Experience and expertise:	Richard has extensive business experience having started and sold highly successful businesses several times. He is an experienced leader and marketer having previously held the position of President of the Australian Marketing Institute (WA) and Chairman of the Food and Beverage Manufacturing Council. In 2021 Richard established Nutrimate Pet Foods.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities	Member of the Audit and Risk Committee Member of the People and Nomination Committee
Interests in shares: Interests in options:	28,499,153 9,950,000

INFORMATION ON DIRECTORS (continued)

'Other current directorships' stated above are current directorships for listed entities only and exclude directorships of all other types of entities.

'Former directorships' stated above are directorships held in the last three years for listed entities only and exclude directorships of all other types of entities.

COMPANY SECRETARY

David McArthur was appointed to the position of Company Secretary on 19 March 2021. David is a Chartered Accountant, having spent four years with a major international accounting firm, and has over 30 years' experience in the corporate management of publicly listed companies. David has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director was:

	Full board		Audit and risk committee	
	Attended	Held	Attended	Held
Ross Taylor	15	16	2	2
Warren Cook	-	-	-	-
John Clegg	3	3	-	-
Richard Pace	3	3	-	-
Chris Sutherland	13	13	2	2
Steve Brown	9	9	1	1
Sue Murphy	13	13	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

In addition to the meetings held above, several decisions of the Board were undertaken via nine circular resolutions.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the affairs of the Group during the financial year, other than those matters referred to in the Operating and Financial Review above.

LIKELY DEVELOPMENTS

The Group is focussed on the further development and marketing of its virtualplant technology, scanning services and provision of virtualplant subscription contracts. The Group anticipates expansion into key international markets contributing to revenue growth.

ENVIRONMENTAL REGULATIONS

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State Law.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 11 September 2024, 1,000,000 fully paid ordinary shares were issued to Warren Cook on conversion of 1,000,000 performance rights which vested on the first anniversary of his appointment as CEO.

Other than as disclosed above, 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 Group, the results of these operations, or the state of affairs of the Group in future financial years.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all Directors and Company Secretaries against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director and Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director or Company Secretary of the Company, other than conduct involving wilful breach of duty in relation to the Company. The current premium is $72,727 (2023: $72,150) to insure the Directors and Company Secretaries of the Company.

INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

SHARES UNDER OPTION

Unissued ordinary shares of RemSense Technologies Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price cents	Number under option
20-Jul-22	30-Jun-25	40	1,609,881
15-Dec-22	30-Jun-25	25	515,000
26-Apr-23	15-Dec-25	15	6,333,333
09-May-23	15-Dec-25	15	2,670,624
28-Jun-23	10-Dec-25	15	9,000,000
02-Aug-23	15-Dec-25	15	4,540,000
02-Aug-23	10-Dec-25	15	2,446,500
24-Aug-23	10-Dec-25	15	2,000,000
09-Nov-23	09-Nov-26	4	7,373,250
18-Dec-23	09-Nov-26	4	11,500,683
11-Mar-24	09-Nov-26	4	10,587,500
10-May-24	31-Mar-29	4	12,000,000
10-May-24	09-Nov-26	4	5,000,000
16-May-24	09-Nov-26	4	7,500,000
16-May-24	31-Mar-29	4	10,400,000
24-May-24	31-Mar-29	4	500,000
20-Jun-24	31-Mar-29	4	2,200,000
			96,176,771

No person entitled to exercise options or rights had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of RemSense Technologies Limited were issued during the year ended 30 June 2024, and up to the date of this report, on the exercise of options granted (2023: 1,609,881 shares issued on the exercise of options).

During the year ended 30 June 2024, 1,250,000 options expired, and 920,000 options were cancelled on employee termination (2023: 11,908,741 expired and 3,750,000 cancelled).

PERFORMANCE SHARES

At the date of this report, the following performance shares were on issue:

Grant date	Expiry date	Number of performance rights
20-Jul-22	30-Jun-25	1,000,000

As disclosed in note 26, 1,000,000 performance rights were converted to 1,000,000 fully paid ordinary shares.

AUDIT AND NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements. The amount paid or payable to the auditor for non-audit services is $32,452 (2022: $27,500).

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) 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.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 26.

AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Directors of RemSense Technologies Limited for the year ended 30 June 2024. There were no other key management personnel during the year. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001* and its Regulations.

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, whether executive or otherwise.

Remuneration philosophy

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results achieved. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ("the Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and People Committee is responsible for determining and reviewing remuneration arrangements for its directors. The performance of the Group depends on the quality of its key management personnel. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interest. The Board has considered that it should seek to enhance shareholders' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

<u>Non-Executive Directors' Remuneration</u>
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and People Committee. The Nomination and People Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Non-Executive Directors' Remuneration (continued)

ASX Listing Rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination is in the Company's Constitution where shareholders approved a maximum annual aggregate remuneration of $500,000.

Each Non-Executive Director receives a fee for being a Director of the Company which is inclusive of sub-committee memberships:

- Non-Executive Directors $45,000 p.a. exclusive of statutory superannuation
- Chairman $45,000 p.a. exclusive of statutory superannuation

To preserve cash and strengthen the Group's financial position, the Board of Directors resolved to cancel all director fees effective 1 September 2023. This suspension would remain in place until the Group's financial position improved to a level where the resumption of director fees is deemed appropriate. The Board remains committed to taking necessary steps to ensure the long-term sustainability and success of the Group.

At a board meeting held on 2 July 2024, it was resolved to recommence paying director fees from 1 September 2024, as follows:

- Non-Executive Directors $40,000 p.a. exclusive of statutory superannuation
- Chairman $55,000 p.a. exclusive of statutory superannuation

Non-executive directors do not receive cash performance related compensation.

Executive Director and Senior Executive Remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

There are three components to the executive remuneration and reward framework:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long-service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are reviewed annually by the Nomination and People Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Nomination and People Committee has access to external, independent advice where necessary.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

Short-term incentive scheme

The short-term incentives ("STI") program is designed to align the targets of the business units with the performance hurdles of key management. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPIs") being achieved. At this stage, the Group does not award any STIs.

Long-term incentive scheme

The long-term incentives ("LTIs") include long-service leave and share-based payments. Share rights and options are awarded to executives based on long-term incentive measures. These include increase in shareholder's value relative to the entire market and the increase compared to similar companies.

The Group has adopted an Employee Incentive Option Plan (Plan). Under the Plan, the Company may grant options to Group eligible employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods however the Board determines appropriate vesting periods to provide rewards over time. Refer to note 21.

Group performance and link to remuneration

The remuneration of the Group's key management personnel, including any component of remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Group. The rationale for this approach is that the Group is in its development phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

	2024	2023	2022	2021	2020
Revenue from ordinary activities ($)	1,663,375	2,084,835	3,961,304	4,311,664	2,171,550
Other income ($)	174,917	80,380	80,559	373,088	226,073
Loss before income tax ($)	(2,306,165)	(3,033,883)	(2,451,102)	(728,623)	(247,975)
Net loss attributable to equity holders ($)	(2,306,165)	(3,033,883)	(2,451,102)	(728,623)	(247,975)
Share price at year end (cents)	1.8	6.2	15.5	n/a	n/a
Number of listed ordinary shares	116,555,128	45,465,530	31,289,192	n/a	n/a
Number of unlisted ordinary shares	48,304,559	48,304,559	48,304,559	54,593,751	3,453,390
Weighted average number of shares	162,350,496	85,359,551	48,090,267	31,309,445	14,230,731
Basic loss per share EPS (cents)	(1.87)	(3.55)	(5.10)	(2.33)	(1.74)
Listed options	15,990,457	9,003,957	-	-	-
Unlisted options	80,186,314	13,194,881	16,018,622	9,968,622	-
Net tangible (liabilities) / assets ($)	(200,199)	396,845	2,076,590	191,946	(273,184)
NTA Backing (cents)	(12.14)	0.42	2.61	0.35	(7.91)

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders.

Use of remuneration consultants

No remuneration consultants provided services during the year.

Voting and comments made at the Company's 2023 Annual General Meeting ("AGM")

At the 16 November 2023 AGM, 99.41% of the votes received, supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Employment contracts

Remuneration and other terms of employment for key management personnel are formalised in employment contracts. Details of these contracts are as follows:

Name:	Warren Cook
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	7 September 2023
Details:	Base salary for the year ending 30 June 2024 of $275,000 plus statutory superannuation. Termination benefits are payable upon termination by the Company, other than for gross misconduct, equal to base salary for the notice period. Three months termination notice by either party. In addition to base salary, the Company issued 2 million options and 2 million performance rights. The options vested on 7 September 2023 and are exercisable at 15 cents on or before 10 December 2025. 1 million performance rights vested on 7 September 2024 with the second tranche of 1 million vesting on 7 September 2025. The terms of the issue of the options and performance rights, require the holder to remain an employee at the date the options are exercised, or performance rights vest. Any options not exercised, or performance rights not vested at the time employment ceases will be cancelled by the Company.
Name:	Steve Brown
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	19 March 2021 to 12 December 2023
Details:	Base salary for the year ending 30 June 2024 of $275,000 plus statutory superannuation. Termination benefits are payable upon termination by the Company, other than for gross misconduct, equal to base salary for the notice period. Twelve months termination notice by either party. Steve retired on 14 December 2024.
Name:	Jillian Rosich
Title:	Chief Financial Officer
Agreement commenced:	9 August 2021 to 10 May 2024
Details:	Base salary for the year ending 30 June 2024 of $164,000 (80% FTE) plus statutory superannuation. Termination benefits are payable upon termination by the Company, other than for gross misconduct, equal to base salary for the notice period. Three months termination notice by either party. Jillian resigned on 10 May 2024.

Key management personnel have no entitlement to termination payments in the event of removal for gross misconduct.

Details of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits			Post employment benefits	Long term benefits	Share-based payments		Total
2024	**Cash salary and fees $**	**Termination Benefits $**	**Other benefits (A) $**	**Super-annuation $**	**Long service leave (B) $**	**Equity-settled options (C) $**	**Performance rights (D) $**	**$**
Non-executive Directors								
Ross Taylor	7,500	-	-	825	-	18,650	-	**26,975**
John Clegg	-	-	-	-	-	9,325	-	**9,325**
Executive Directors								
Warren Cook (MD)	17,728	-	218	1,837	-	-	-	**19,783**
Former Directors								
Steve Brown	108,537	-	471	13,761	(58,957)	-	-	**63,812**
Chris Sutherland	7,500	-	-	825	-	-	-	**8,325**
Sue Murphy	7,500	-	-	825	-	-	-	**8,325**
Richard Pace	-	-	-	-	-	34,740	-	**34,740**
Executives								
Warren Cook (CEO)	218,056	-	2,678	22,828	-	40,436	59,322	**343,320**
Former Executives								
Jillian Rosich	129,525	12,615	788	15,253	-	-	-	**158,181**
	496,346	**12,615**	**4,155**	**56,154**	**(58,957)**	**103,151**	**59,322**	**672,786**

Details of remuneration (continued)

	Short-term benefits			Post employment benefits	Long term benefits	Share-based payments		Total
2023	**Cash salary and fees $**	**Termination Benefits $**	**Other benefits (A) $**	**Super-annuation $**	**Long service leave (B) $**	**Equity-settled options (C) $**	**Performance rights (D) $**	**$**
Non-executive Directors								
Ross Taylor	45,000	-	-	4,725	-	82,447	-	**132,172**
Former Directors								
Steve Brown	278,491	-	-	27,632	12,924	17,355	-	**336,402**
Chris Sutherland	45,000	-	-	4,725	-	82,447	-	**132,172**
Sue Murphy	5,927	-	-	622	-	73,770	-	**80,319**
Nicole O'Connor	27,857	-	-	2,925	-	(10,364)	-	**20,418**
Former Executives								
Jillian Rosich	150,279	-	-	15,797	(1,167)	22,903	-	**187,812**
Anthony Roe	277,081	-	-	27,039	(2,788)	108,157	-	**409,489**
	829,635	**-**	**-**	**83,465**	**8,969**	**376,715**	**-**	**1,298,784**

Notes to the Remuneration Tables above

(A) Other benefits include mobile phone allowance and car parking benefits
(B) Long service leave provision on 30 June 2023 extinguished prior to Steve Brown's retirement
(C) The fair value of options granted was determined using Black Scholes option pricing model
(D) The fair value of performance rights calculated using the share price on grant date, expensed over vesting period
(E) Warren Cook held the position of CEO from 7 September 2023 to 14 June 2024 when he was appointed Managing Director

No part of directors' remuneration was linked to performance for the year ended 30 June 2024 (2023: Nil).

No cash bonuses were granted during the year (2023: Nil).

Details of remuneration (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2024 %	Fixed remuneration 2023 %	At risk - LTI 2024 %	At risk - LTI 2023 %
Non-executive Directors				
Ross Taylor	31	38	69	62
John Clegg	-	-	100	-
Executive Directors				
Warren Cook	100	-	-	-
Former Directors				
Steve Brown	100	95	-	5
Chris Sutherland	100	38	-	62
Sue Murphy	100	8	-	92
Richard Pace	-	-	100	-
Nicole O'Connor	-	151	-	(51)
Former Executives				
Warren Cook	71	-	29	-
Jillian Rosich	100	88	-	12
Anthony Roe	-	74	-	26

No cash bonuses were granted during the year (2023: Nil).

Additional disclosures relating to key management personnel

Shareholdings
The number of shares in the company held during the financial year by each director and KMP, including their personally related parties, is set out below:

	Held at 30 June 2023	Held on appointment	Purchases	Sales	Held on resignation	Held at 30 June 2024
Warren Cook	-	-	375,000	-	-	**375,000**
Ross Taylor	222,394	-	-	-	-	**222,394**
John Clegg	-	7,888,786	2,500,000	-	-	**10,388,786**
Steve Brown	13,587,639	-	-	-	(13,587,639)	**-**
Chris Sutherland	1,126,929	-	979,061	-	(2,105,990)	**-**
Sue Murphy	50,000	-	-	-	(50,000)	**-**
Richard Pace	-	15,999,153	12,500,000	-	(28,499,153)	**-**
Jillian Rosich	237,500	-	-	-	(237,500)	**-**
	15,224,462	23,887,939	16,354,061	-	(44,480,282)	**10,986,180**

Performance rights
The number of performance rights in the company held during the financial year by each director and KMP, including their personally related parties, is set out below:

	Held at 30 June 2023	Held on appointment	Granted	Held on resignation	Held at 30 June 2024	Maximum value to vest $
Warren Cook	-	-	2,000,000	-	**2,000,000**	38,106

<u>Option holdings</u>

The number of options over ordinary shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held at 30 June 2023	Held on appointment	Granted	Acquired	Expired / Cancelled	Held on resignation	Held at 30 June 2024	Vested and exercisable at 30 June 2024	Maximum value to vest
	Number	Number	Number	Number	Number	Number	Number	Number	$
Warren Cook	-	-	7,000,000	187,500	-		7,187,500	2,000,000	50,654
Ross Taylor	3,325,599	-	6,000,000	-	(250,000)	-	9,075,599	3,075,599	50,950
John Clegg	-	110,000	3,000,000	1,250,000	-	-	4,360,000	1,360,000	25,475
Steve Brown	1,100,000	-	-	-	-	(1,100,000)	-	-	-
Chris Sutherland	3,906,733	-	-	489,531	-	(4,396,264)	-	-	-
Sue Murphy	3,000,000	-	-	-	-	(3,000,000)	-	-	-
Richard Pace	-	700,000	3,000,000	6,250,000	-	(9,950,000)	-	-	-
Jillian Rosich	500,000	-	-	-	(500,000)	-	-	-	-
	11,832,332	810,000	19,000,000	8,177,031	(750,000)	(18,446,264)	20,623,099	6,435,599	127,079

750,000 options issued to directors and key management personnel as part of compensation in prior years, expired or were cancelled during the year ended 30 June 2024.

No options granted as compensation in the current or prior years were exercised.

Additional disclosures relating to key management personnel (continued)

Share-based remuneration granted as compensation
Details on rights and options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

OPTIONS

Name	Number of options granted	Exercise Price (cents)	Grant date	Expiry date	Vesting Date	Life of the Options (years)	Volatility	Risk free Rate	Fair value at grant date (cents)	Share price at grant date (cents)
Warren Cook	2,000,000	15	24-Aug-23	10-Dec-25	24-Aug-23	2.30	100%	3.92%	12.620	4.87
Ross Taylor	6,000,000	4	10-May-24	31-Mar-29	16-Nov-24	4.89	100%	3.92%	11.580	1.8
John Clegg	3,000,000	4	10-May-24	31-Mar-29	16-Nov-24	4.89	100%	3.92%	11.580	1.8
Richard Pace	3,000,000	4	10-May-24	31-Mar-29	16-Nov-24	4.89	100%	3.92%	11.580	1.8
Warren Cook	5,000,000	4	16-May-24	31-Mar-29	27-Nov-24	4.88	100%	3.92%	13.170	2.0

No options vested during the year ending 30 June 2024.

RIGHTS

Name	Number of rights granted	Vesting condition	Grant date	Fair value at grant date (cents)	Expiry date
Warren Cook	1,000,000	Employed on 7 September 2024	07-Sep-23	4.871	07-Sep-25
Warren Cook	1,000,000	Employed on 7 September 2025	07-Sep-23	4.871	07-Sep-25

Additional disclosures relating to key management personnel (continued)

Other transactions with key management personnel
There were no other transactions with key management personnel not involving direct remuneration.

END OF AUDITED REMUNERATION REPORT

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors.

Warren Cook
Managing Director

27 September 2024
Perth, WA

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Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF REMSENSE TECHNOLOGIES LIMITED

As lead auditor of RemSense Technologies Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of RemSense Technologies Limited and the entity it controlled during the period.

Ashleigh Woodley

Director

BDO Audit Pty Ltd

Perth,

27 September 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONTENTS

GENERAL INFORMATION

The consolidated financial statements cover RemSense Technologies Limited as a Group consisting of RemSense Technologies Limited and the entity it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is RemSense Technologies Limited’s functional and presentation currency.

RemSense Technologies Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. Its registered and principal places of business is:

Registered office
Suite 173
580 Hay Street
Perth WA 6000

A description of the nature of the Group’s operations and its principal activities are included in the Directors’ Report, which is not part of the financial statements.

The financial statements were authorised for issued, in accordance with a resolution of directors, on 27 September 2024. The directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	4	1,663,375	2,084,835
Government grants	5	174,917	80,380
Finance income		4,670	4,242
Other gains		3,804	12,843
Expenses			
Cost of sales		(599,412)	(956,626)
Marketing and business development costs		(231,722)	(264,239)
Personnel expenses	6	(1,920,691)	(2,878,841)
General and administration costs		(477,203)	(534,826)
Professional fees		(278,536)	(177,284)
Depreciation	13	(99,510)	(89,687)
Amortisation	14	(261,309)	(186,780)
Amortisation – right of use assets	15	(95,074)	(110,730)
Research and development costs		(24,181)	(3,814)
Impairment of intangible assets		(131,965)	-
Finance expenses		(33,328)	(13,356)
Loss before income tax		(2,306,165)	(3,033,883)
Income tax expense	8	-	-
Loss for the year		**(2,306,165)**	**(3,033,883)**
Other comprehensive income, net of tax		-	
Total comprehensive loss for the year		(2,306,165)	(3,033,883)
Total comprehensive loss attributable to owners of the Company		**(2,306,165)**	**(3,033,883)**
Loss per share (cents per share)			
Basic and diluted		(1.87)	(3.55)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2024

	Note	2024 $	2023 $
Assets			
Cash and cash equivalents	9	325,650	789,652
Trade and other receivables	10	6,196	163,698
Contract assets	4	22,178	33,909
Prepayments	11	97,357	179,034
Other financial assets	12	62,681	60,000
Total current assets		514,062	1,226,293
Property, plant, and equipment	13	274,350	357,268
Intangible assets	14	1,191,945	1,032,044
Right of use assets	15	87,151	182,225
Other financial assets	12	49,225	47,236
Total non-current assets		1,602,671	1,618,773
Total assets		2,116,733	2,845,066
Liabilities			
Trade and other payables	16	199,694	359,035
Borrowings	17	95,063	18,371
Lease Liabilities	18	92,086	90,930
Employee benefits	6	153,517	246,218
Contract liabilities	4	271,774	349,844
Total current liabilities		812,134	1,064,398
Borrowings	17	11,007	31,383
Lease Liabilities	18	-	92,086
Employee benefits	6	80,121	78,675
Provisions		12,000	12,000
Contract liabilities	5	209,726	137,635
Total non-current liabilities		312,854	351,779
Total liabilities		1,124,988	1,416,177
Net assets		**991,745**	**1,428,889**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of 30 June 2024

	Note	2024 $	2023 $
Equity			
Issued capital	19	8,827,931	7,204,024
Reserves		484,263	50,632
Accumulated losses		(8,320,449)	(5,825,767)
Total equity		**991,745**	**1,428,889**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Share capital	Predecessor reserve	Options reserve	Performance rights reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance on 1 July 2022	5,652,655	(8,674)	505,729	-	(3,674,504)	2,475,206
Loss for the period	-	-	-	-	(3,033,883)	(3,033,883)
Total comprehensive loss for the period	-	-	-	-	(3,033,883)	(3,033,883)
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	1,551,369	-	-	-	-	1,551,369
Transfer to accumulated losses on exercise of options	-	-	(882,620)	-	882,620	-
Share-based payments	-	-	436,197	-	-	436,197
Balance on 30 June 2023	**7,204,024**	**(8,674)**	**59,306**	**-**	**(5,825,767)**	**1,428,889**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 30 June 2024

	Share capital	Predecessor reserve	Options reserve	Performance rights reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance on 1 July 2023	7,204,024	(8,674)	59,306	-	(5,825,767)	1,428,889
Loss after income tax expense for the year	-	-	-	-	(2,306,165)	(2,306,165)
Total comprehensive loss for the year	-	-	-	-	(2,306,165)	(2,306,165)
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	1,623,907	-	-	-	-	1,623,907
Transfer to accumulated losses on expiry of options	-	-	188,517	-	(188,517)	-
Share-based payment transactions	-	-	185,792	59,322	-	245,114
Balance on 30 June 2024	**8,827,931**	**(8,674)**	**433,615**	**59,322**	**(8,320,449)**	**991,745**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		1,894,039	2,899,787
Government grants		24,951	183,591
Payments to suppliers and employees		(3,254,371)	(4,722,963)
Interest paid		(20,706)	(13,356)
Interest received		-	4,242
Payments for R&D		-	(3,814)
Net cash used in operating activities	9(b)	(1,356,087)	(1,652,513)
Cash flows from investing activities			
Proceeds from disposal of property, plant, and equipment		7,791	28,026
Payments for property, plant, and equipment		(23,319)	(118,266)
Payments for intangible assets		(565,614)	(828,698)
Net cash used in investing activities		(581,142)	(918,938)
Cash flows from financing activities			
Proceeds from issue of shares and options		1,782,889	1,245,296
Proceeds from exercise of options		-	402,470
Proceeds from other short-term loans		197,316	-
Repayment of premium funding facility	17	(140,149)	(215,352)
Repayment of other short-term loans	17	(160,000)	-
Repayment of chattels and mortgages	17	(18,371)	(8,556)
Repayment of right of use lease liabilities	9	(90,930)	(106,531)
Payment of capital raising costs		(97,528)	(96,398)
Net cash from financing activities		1,473,227	1,220,929
Net decrease in cash and cash equivalents		(464,002)	(1,350,522)
Cash and cash equivalents on 1 July		789,652	2,140,174
Cash and cash equivalents on 30 June	9(a)	325,650	789,652

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT
For the year ended 30 June 2024

1 MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. No change to accounting policies was required.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1.2 BASIS OF PREPARATION

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for, for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The amounts contained in the financial report have been rounded to the nearest $1 (unless otherwise stated) pursuant to the option available to the Company under ASIC Class Order 2016/191. The Company is an entity to which the class order applies.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant, and equipment and derivative financial instruments.

1.3 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RemSense Technologies Limited ("Company" or "parent entity") as of 30 June 2024 and the results of all subsidiaries for the year then ended. RemSense Technologies Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can 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 Group. They are de-consolidated from the date that control ceases.

1.3 PRINCIPLES OF CONSOLIDATION (continued)

Intercompany transactions, balances, and unrealised gains on transactions between entities in the Group 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 Group.

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 Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

When the Group 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 Group 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.

1.4 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 classified as current when it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting date, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settle within 12 months after the reporting date, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

1.5 GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2024, the Group recorded a loss of $2,306,165 and had net cash outflows from operating activities and investing activities of $1,356,087 and $581,142, respectively. As of 30 June 2024, the Group had net assets of $991,745, a working capital deficit of $298,072 and total cash on hand of $325,650.

1.5 GOING CONCERN (continued)

The Directors believe that there are reasonable grounds the Group will be able to continue as a going concern, after considering the following factors:

- Successful R&D grant claim
- Access to the capital markets to raise additional funds
- Access to other funding opportunities such as borrowings from related parties
- The ability of the Directors and management to continue managing its cashflows and cash reserves to successfully execute its contracted projects and win new work whilst operating withing the Group's budget
- Reduce or defer discretionary expenditure and / or new projects, to manage cashflow

Accordingly, the Directors believe the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Group be unsuccessful in achieving the matters set out above, a material uncertainty would exist that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

2 MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Determination of variable consideration

Judgement is exercised in estimating variable consideration where services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Refer to note 4.

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 a Black-Scholes model, using the assumptions detailed in note 20.

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date is 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 accounted for. Refer to note 6.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer note 8.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

3 OPERATING SEGMENTS

Accounting Policy

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of RemSense Technologies Limited.

For management purposes, the Group is organised into one operating segment, being technology development, RPAS services and its virtualplant Visual Twin software product, and services a range of markets and applications. All the Group's activities are interrelated, and discrete financial information is reported to the CODM as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole. The accounting policies used by the Group in reporting segments internally are the same as those adopted in the financial statements.

During the year ending 30 June 2024, revenue totalling $749,770 and $607,290 were derived from two of the Group's customers (2023: $1,109,920 and $641,491). These revenues are attributed to the provision of VP scanning services and subscriptions.

There have been no changes to the basis of segmentation or the measurement basis for segment profit or loss since 30 June 2023.

4 REVENUE

Accounting Policy

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on an hourly rate. For fixed priced jobs revenue is recognised at a point in time when the service is transferred to the customer. In the case of scanning work, this is the point at which the images are made available to the customer.

4 REVENUE (continued)

Accounting Policy

Methods for measuring progress towards satisfaction of a performance obligation

Output methods recognise revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached and time elapsed. When an entity evaluates whether to apply an output method to measure its progress, the entity shall consider whether the output selected would faithfully depict the entity's performance towards complete satisfaction of the performance obligation.

Input methods recognise revenue based on the entity's efforts or inputs to the satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred) relative to the total expected inputs to the satisfaction of that performance obligation.

The input method is most appropriate for recognising revenue on the Group's Engineering projects where invoices are issued at month-end based on hours worked and costs incurred until the job is complete.

The output method is most appropriate for recognising revenue on the Group's remotely piloted aircraft system contracts. Revenue is booked when the asset, in this case the scanned images, are delivered to the customer.

Contract assets

Contract assets are recognised when the Group has transferred goods and services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract liabilities

Contract liabilities are recognised when there is an obligation for the Group to transfer goods and services to the customer but where the Group has already received consideration from the customer. Revenue is recognised over the period it is earned. Contract liabilities are treated as financial liabilities for impairment purposes.

(a) The Group's disaggregation of revenue from contracts with customers is as follows:

	2024 $	2023 $
virtualplant scanning services	1,079,935	1,354,920
RPAS services	238,594	232,119
virtualplant subscriptions	227,174	151,600
RPAS subscriptions	117,672	95,850
Engineering services	-	250,347
	1,663,375	**2,084,835**

4 REVENUE (continued)

(a) The Group's disaggregation of revenue from contracts with customers is as follows:

	2024 $	2023 $
Timing of revenue recognition		
Services transferred at a point in time	1,318,529	1,512,038
Services transferred over time	344,846	572,797
	1,663,375	**2,084,835**

(b) The Group's assets and liabilities related to contracts with customers are as follows:

	2024 $	2023 $
Contract assets		
Balance on 1 July	33,909	6,058
Reclassified to trade receivables	(33,909)	(6,058)
Consideration for work completed not billed	22,178	33,909
	22,178	33,909

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date for virtualplant scanning services. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

	virtualplant subscriptions $	RPAS subscriptions $	virtualplant scanning services $	R&D tax Incentive $	Total $
Balance on 1 July 2022	83,370	62,768	-	-	146,138
Amounts received in advance	84,800	69,328	195,716	-	349,844
Amortised over term of subscription	(83,370)	(62,768)	-	-	(146,138)
Recognition of R&D tax incentive	-	-	-	137,635	137,635
Unwind of prior year R&D tax incentive	-	-	-	-	-
Balance on 30 June 2023	84,800	69,328	195,716	137,635	487,479
Recognition of revenue	-	-	(195,716)	-	(195,716)
Amounts received in advance	296,000	166,492	-	-	462,492
Amortised over term of subscription	(227,174)	(117,672)	-	-	(344,846)
Recognition of R&D tax incentive	-	-	-	209,726	209,726
Unwind of prior year R&D tax incentive	-	-	-	(137,635)	(137,635)
Balance on 30 June 2024	**153,626**	**118,148**	**-**	**209,726**	**481,500**

The contract liabilities primarily relate to the advance consideration received from customers for virtualplant scanning services, for which revenue is recognised at a point in time, virtualplant subscriptions for which revenue is recognised over time and R&D grant income amortised over the life of capitalised expenditure for which it relates.

5 GOVERNMENT GRANTS

Accounting Policy

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with the terms and conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of intangible assets are included in non-current liabilities as contract liabilities and credited to profit or loss on a straight-line basis over the expected lives of the related assets.

	2024 $	2023 $
R&D tax incentive	174,917	80,380

During the financial year, the Group received a research and development (R&D) grant amounting to $247,007 (2023: $218,014). This grant income has been recognised as deferred income in the statement of financial position and is being amortised in line with the associated intangible assets, in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance.* On 30 June 2024, the portion of R&D tax incentive relating to capitalised expenditure is:

	2024 $	2023 $
Contract liabilities		
R&D tax incentive – deferred income	209,726	137,635

This treatment aligns the recognition of grant income with the economic benefits derived from the associated intangible assets.

The grant income was partially offset by a loan of $198,080 provided by Radium Capital. Refer to note 17 for full details of the loan.

6 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

Accounting Policy

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual and long service leave, not expected to settle within 12 months of the reporting date, are measured at 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 corporate 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.

The table below sets out personnel costs expensed during the year.

	Note	2024 $	2023 $
Directors' and key management personnel remuneration [(1)]	24	672,786	1,298,784
Staff salaries		1,751,337	1,975,154
Termination payments		32,148	88,371
Superannuation		183,446	198,977
Employee benefits		7,350	(32,942)
Share-based payments expense	20	13,921	59,483
Payroll and fringe benefits tax		112,512	148,526
Recruitment expenses		67,483	62,335
Other associated personnel expenses		32,732	31,957
		2,873,715	3,830,645
Expensed in cost of sales		452,748	651,641
Capitalised in intangible assets		500,276	300,163
Expensed in personnel expenses		1,920,691	2,878,841
		2,873,715	3,830,645

[(1)] director share-based payments expense of $162,473 is included within directors' and key management personnel

6 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS (continued)

The table below sets out employee benefits at the reporting date.

	2024 $	2023 $
Salary accrual	15,482	44,810
Statutory superannuation contributions	6,419	4,667
Annual leave provision	120,161	132,756
Long service leave provision	80,121	136,093
Workplace giving	1,500	-
Time off in lieu provision	9,955	6,567
	233,638	**324,893**
Current	153,517	246,218
Non-current	80,121	78,675
	233,638	**324,893**

7 LOSS PER SHARE

Accounting Policy

Basic earnings per share
Basic earnings per share is calculated by dividing the profit / (loss) attributable to the owners of RemSense Technologies Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial 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 account for 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.

7 LOSS PER SHARE (continued)

	2024 $	2023 $
Basic and diluted loss per share		
Loss after income tax attributable to owners of RemSense Technologies Limited	2,306,165	3,033,883

	Cents	Cents
Basic loss per share	(1.87)	(3.55)
Diluted loss per share	(1.87)	(3.55)

	Number	Number
Weighted average number of ordinary shares		
Issued ordinary shares on 1 July	93,770,089	79,593,751
Effect of shares issued during the period	29,446,160	5,765,800
Weighted average number of ordinary shares on 30 June	**123,216,249**	**85,359,551**

8 INCOME TAX EXPENSE

Accounting Policy

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in as transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits, or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

RemSense Technologies Limited ("the head entity") and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

8 INCOME TAX EXPENSE (continued)

(a) Amounts recognised in profit or loss

	2024	2023
Current tax expense	-	-
Deferred tax expense	-	-
Income tax expense	**-**	**-**
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax	(2,306,165)	(3,033,883)
Tax at the Australian tax rate of 25% (2023: 25%)	(576,541)	(758,471)
Non-deductible expenses	46,741	111,349
Non-assessable income	(43,729)	(20,095)
Adjustment for prior periods	-	-
Timing differences	-	-
Permanent differences	1,467	1,700
Tax losses utilised	-	-
Tax losses not brought to account	572,062	665,517
Income tax expense	-	-

All unused tax losses were incurred by Australian entities.

The benefit of these tax losses will only be obtained if:

i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised,

ii) the conditions for deductibility imposed by tax legalisation continue to be complied with,

iii) no changes in tax legislation adversely affect the Group in realising the benefit, and

iv) satisfaction of either the continuity of ownership or the same business test.

8 INCOME TAX EXPENSE (continued)

(b) Amounts recognised directly in equity

Deferred tax liabilities have not been recognised in respect of the following items:

	2024 $	2023 $
Net deferred tax	24,382	24,099

(c) Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of the following items:

	2024 $	2023 $
Deferred tax liabilities		
Property, plant, and equipment	-	-
Right-of-use assets	(21,788)	(45,556)
	(21,788)	(45,556)
Off-set of deferred tax assets	21,788	45,556
	-	-
Deferred tax assets		
Capital raising costs – s40-880	72,950	78,860
Intangible assets	156,836	49,311
Right-of-use lease liability	23,021	45,754
Property, plant, and equipment	2,266	2,052
Trade and other payables	16,063	2,341
Employee benefits	54,164	70,021
Temporary differences	15,171	14,107
Carry forward tax losses – revenue	1,992,576	1,390,689
Carry forward tax losses – capital	53,706	53,706
	2,386,753	1,706,841
Off-set of deferred tax liabilities	(21,788)	(45,556)
Net unrecognised deferred tax assets	**2,364,965**	**1,661,285**

9 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalent also includes, bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(a) Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	2024 $	2023 $
Cash and cash equivalents in the statement of cashflows	325,650	789,652

(b) Reconciliation of cash flows from operating activities

		2024 $	2023 $
Cash flows from operating activities			
Loss for the year		(2,306,165)	(3,033,883)
Adjustments for:			
Equity-settled share-based payment transactions	20	183,099	436,197
Depreciation and amortisation		455,893	387,197
Deferred income		349,286	-
Other income		(101,526)	-
Net finance income		(648)	-
Annual and long service leave expense		42,510	(102,286)
Profit on disposal of property, plant, and equipment		(6,208)	(10,900)
Impairment of intangible assets		131,965	-
Change in trade and other receivables		(318,785)	410,601
Change in prepayments and deposits		57,977	133,497
Change in other operating assets		(4,670)	24,388
Change in other financial assets		11,731	(27,851)
Change in trade and other payables		(2,572)	(271,890)
Change in interest bearing liabilities		322,395	-
Change in contract liabilities		(73,391)	341,341
Change in employee benefits provision		(96,978)	61,076
Net cash used in operating activities		**(1,356,087)**	**(1,652,513)**

9 CASH AND CASH EQUIVALENTS (continued)

(c) Changes in liabilities arising from financing activities

	Chattels & mortgages $	Right-of-use leases $	Premium Funding $	ATO payment plan $	Radium Capital funding $	Total $
Balance on 1 July 2022	-	102,835	-	-	-	102,835
Net cash from / (used in) financing activities	(8,557)	(106,531)	(215,352)	-	-	(330,440)
Interest on related party loans - expensed	-	-	-	-	-	-
Premium funding facility	-	-	215,352	-	-	215,352
Acquisition of property, plant, and equipment	58,311	-	-	-	-	58,311
Right of use lease liabilities	-	186,712	-	-	-	186,712
Interest on related party loans – paid	-	-	-	-	-	-
Interest on related party loans - expensed	-	-	-	-	-	-
Balance on 30 June 2023	49,754	183,016	-		-	232,770
Net cash from / (used in) financing activities	(18,370)	(90,930)	(140,149)	(160,000)	197,316	(212,133)
Premium funding facility	-	-	188,594	-	-	188,594
Interest on premium funding facility – not paid	-	-	648		-	648
Radium Capital offset against R&D	-	-	-		(197,316)	(197,316)
ATO payment plan	-	-	-	185,593	-	185,593
Balance on 30 June 2024	**31,384**	**92,086**	**49,093**	**25,593**	**-**	**198,156**

9 CASH AND CASH EQUIVALENTS (continued)

(d) Non-cash investing and financing activities

	2024 $	2023 $
Additions to the right-of-use assets	-	186,712
Additions to premium funding facility	-	215,352
Additions to property, plant, and equipment	-	58,311

10 TRADE AND OTHER RECEIVABLES

Accounting Policy

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 Group 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.

	2024 $	2023 $
Current		
Trade receivables	6,174	156,376
Other receivables	22	7,322
	6,196	163,698

Provision for expected credit losses

The Group has not recognised a provision for expected credit losses for the year ended 30 June 2024 as credit risk has not increased significantly since initial recognition. Payment of invoices takes on average 30 days (2023: 38 days).

There were no trade receivable impairment losses for the year ending 30 June 2024 (2023: Nil).

10 TRADE AND OTHER RECEIVABLES (continued)

The ageing of trade receivables is as follows:

	2024 $	2023 $
Not overdue	6,174	152,625
0 to 3 months overdue	-	3,751
	6,174	156,376

Other receivables are non-interest bearing. Note 21 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

11 PREPAYMENTS

	2024 $	2023 $
Current		
Insurance	44,780	48,960
Rent and outgoings	-	14,239
Other	52,577	115,835
	97,357	**179,034**

12 OTHER FINANCIAL ASSETS

Accounting Policy

Investments and other 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. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part, or all, of a financial asset, the carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be 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 a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increase significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, as 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired, or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measure on the probably weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

12 OTHER FINANCIAL ASSETS (continued)

	2024 $	2023 $
Bank guarantee term deposit	49,225	47,236
Term deposits	62,681	60,000
	111,906	**107,236**
Current	62,681	60,000
Non-current	49,225	47,236
	111,906	**107,236**

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Bank Guarantee [1] $	Credit card Bond [2] $	Total $
Balance on 1 July 2022	47,236	60,000	107,236
Balance on 30 June 2023	47,236	60,000	107,236
Interest income re-invested	1,989	2,681	4,670
Balance on 30 June 2024	**49,225**	**62,681**	**111,906**

1. Bank guarantee held over the Group's leased premises
2. Term deposit over the credit card facility

Refer to note 21 for further information on fair value measurement

13 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on diminishing balance basis to write off the net cost of each item of property, plant, and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2 – 5 years
Furniture and office equipment	5 – 10 years
Mobile equipment and motor vehicles	8 years
Communication and computer equipment	2 – 6 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained earnings / accumulated losses.

13 PROPERTY, PLANT AND EQUIPMENT (continued)

	2024 $	2023 $
Plant and equipment – at cost	666,577	657,885
Less: accumulated depreciation	(443,470)	(364,834)
	223,107	293,051
Furniture and office equipment – at cost	38,836	40,897
Less: accumulated depreciation	(8,309)	(6,612)
	30,527	34,285
Communication and computer equipment – at cost	57,909	58,029
Less: accumulated depreciation	(44,554)	(37,953)
	13,355	20,076
Mobile equipment and motor vehicles – at cost	58,409	58,409
Less: accumulated depreciation	(51,048)	(48,553)
	7,361	9,856
Leasehold improvements – at cost	6,426	6,426
Less: accumulated depreciation	(6,426)	(6,426)
	-	-
	274,350	**357,268**

Reconciliations

Reconciliations of the written-down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $	Furniture and office equipment $	Computer & comms equipment $	Mobile Equipment $	Leasehold improvements $	Total $
Balance on 1 July 2022	229,464	36,554	21,417	13,182	272	300,889
Additions	134,446	1,713	10,482	-	-	146,641
Disposals	(15,490)	-	(1,636)	-	-	(17,126)
Depreciation on disposals	14,915	-	1,636	-	-	16,551
Depreciation expense	(70,284)	(3,982)	(11,823)	(3,326)	(272)	(89,687)
Balance on 30 June 2023	293,051	34,285	20,076	9,856	-	357,268
Additions	13,692	-	4,483	-	-	18,175
Disposals	(5,000)	(2,062)	(4,603)	-	-	(11,665)
Depreciation on disposals	5,000	1,732	3,350	-	-	10,082
Depreciation expense	(83,636)	(3,428)	(9,951)	(2,495)	-	(99,510)
Balance on 30 June 2024	**223,107**	**30,527**	**13,355**	**7,361**	**-**	**274,350**

14 INTANGIBLE ASSETS

Accounting Policy

Intangible assets are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangibles assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software development
Costs that are directly associated with the development of software are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial, and other resources to complete the development and to use or sell the software product are available and
- The expenditure attributable to the software product during its development can be reliably measured.

Software is amortised over the period of its expected finite life, being five years.

Other development expenditure that does not meet the above criteria is recognised as an expense when incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period. Research costs, and costs associated with maintenance, are recognised as an expense when incurred.

14 INTANGIBLE ASSETS (continued)

	2024 $	2023 $
Patents and trademarks– at cost	19,995	17,425
Less: accumulated amortisation	-	-
	19,995	17,425
virtualplant: Software – at cost	834,990	734,962
Less: accumulated amortisation	(177,941)	(118,291)
	657,049	616,671
virtualplant: IP – at cost	400,000	400,000
Less: accumulated amortisation	(156,274)	(76,274)
	243,726	323,726
virtualplant: other software development – at cost	291,883	74,222
Less: accumulated amortisation	(20,708)	-
	271,175	74,222
	1,191,945	**1,032,044**

Reconciliations

Reconciliations of the written-down values at the beginning and end of the current and previous financial year are set out below:

	Patents and trademarks $	virtualplant software $	virtualplant IP $	virtualplant other software development $	Total $
Balance on 1 July 2022	5,930	392,686	-	-	398,616
Additions	11,495	334,491	400,000	74,222	820,208
Amortisation expense	-	(110,506)	(76,274)	-	(186,780)
Balance on 30 June 2023	17,425	616,671	323,726	74,222	1,032,044
Additions	2,570	332,944	-	230,100	565,614
Impairment	-	(131,965)	-	-	(131,965)
Reclassification to profit or loss	-	-	-	(12,439)	(12,439)
Amortisation expense	-	(160,601)	(80,000)	(20,708)	(261,309)
Balance on 30 June 2024	**19,995**	**657,049**	**243,726**	**271,175**	**1,191,945**

Impairment indicators

During the year ending 30 June 2024, management completed a full review of its capitalised development expenditure as specified under AASB136 para 12. This exercise identified that advancements in technology rendered the virtualplant v1.5 obsolete, resulting in an impairment of $131,965.

15 RIGHT-OF-USE ASSETS

Accounting Policy

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 when 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 Group 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 Group 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.

	2024 $	2023 $
Land and buildings – right of use	187,939	187,939
Less: accumulated depreciation	(100,788)	(5,714)
	87,151	**182,225**
Reconciliation of movements:		
Opening balance	182,225	106,244
Additions	-	187,939
Adjustments	-	(1,228)
Amortisation	(95,074)	(110,730)
Closing balance	**87,151**	**182,225**

The Group leases offices for its administration and aerial imaging operations under agreement for two years. The leases have various escalation clauses. On renewal, the terms of the lease are renegotiated.

16 TRADE AND OTHER PAYABLES

Accounting Policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

	2024 $	2023 $
Current		
Trade payables	82,581	206,821
Other payables and accrued expenses	96,359	74,577
Authorised government agencies	20,754	77,637
	199,694	**359,035**

Refer to note 21 for further information on financial instruments.

17 BORROWINGS

Accounting Policy

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.

	Book value 2024 $	Fair value 2024 $	Book value 2023 $	Fair value 2023 $
Current				
Chattels and mortgages	31,383	31,383	49,754	49,754
Premium funding	49,094	49,094	-	-
Radium Capital funding	-	-	-	-
ATO payment plan	25,593	25,593	-	-
	106,070	**106,070**	**49,754**	**49,754**
Current	95,063	95,063	18,371	18,371
Non-current	11,007	11,007	31,383	31,383
	106,070	106,070	49,754	49,754

17 BORROWINGS (continued)

	Chattels & mortgages $	Premium funding $	Radium Capital [1] $	ATO payment plan [2] $	Total $
Balance on 1 July 2022	-	-	-	-	-
Financing of premium funding facility	-	215,352	-	-	215,352
Financing of chattel mortgage	58,311	-	-	-	58,311
Interest charge	2,342	7,503	-	-	9,845
Interest paid	(10,899)	(222,855)	-	-	(233,754)
Balance on 30 June 2023	49,754	-	-	-	49,754
Financing of premium funding facility	-	188,594	-	-	188,594
Loans and borrowings received	-	-	198,080	-	198,080
Financing of ATO payment plan	-	-	-	178,856	178,856
Interest charge	4,316	6,603	5,236	6,737	22,892
Interest paid	(4,316)	(5,954)	-	-	(10,270)
Principal repaid	(18,371)	(140,149)	-	(160,000)	(318,520)
ATO R&D refund paid to Radium	-	-	(228,267)	-	(228,267)
R&D refund repaid to Company	-	-	24,951	-	24,951
Balance on 30 June 2024	**31,383**	**49,094**	**-**	**25,593**	**106,070**

[1] On 16 October 2023, the Company secured a loan through Radium Capital for $198,080 (before costs of $764) as an advance on 80% of the Group's estimated ATO R&D claim, plus interest payable at 16% p.a. The R&D grant was paid to Radium Capital with the balance refunded to the Company on 14 December 2023.

[2] On 9 November 2023, RemSense Pty Ltd, a subsidiary of RemSense Technologies Limited, entered a payment plant with the ATO for its September 2023 and October 2023 BAS and PAYGW liabilities totalling $178,856. Repayments were $20,000 per month for nine months with the balance including 11.15% interest making up the tenth instalment.

Refer to note 21 for further information on financial instruments.

18 LEASE LIABILITIES

Accounting Policy

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 Group'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 to 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, or
- 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.

	2024 $	2023 $
Opening balance	183,016	102,834
Recognition of lease liabilities	-	187,939
Adjustment	-	(1,226)
Interest charged	10,436	3,511
Less principal repayments	(101,366)	(110,042)
Lease liabilities included in the consolidated statement of financial position	**92,086**	**183,016**
Current	92,086	90,930
Non-current	-	92,086
	92,086	**183,016**

Refer to note 21 for further information on financial instruments.

19 CAPITAL AND RESERVES

Accounting Policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Issued capital

	Ordinary shares			
	Number of shares		Amount in $	
	2024	2023	2024	2023
Balance on 1 July	93,770,089	79,593,751	7,204,024	5,652,655
Issue of fully paid shares for cash	71,089,598	12,566,457	1,818,957	1,245,297
Issue of shares on conversion of options	-	1,609,881	-	402,470
Capital raising costs	-	-	(195,050)	(96,398)
Balance on 30 June	**164,859,687**	**93,770,089**	**8,827,931**	**7,204,024**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

Reserves

Predecessor accounting reserve
The predecessor accounting reserve arises from the capital reorganisation and records the net liabilities of RemSense Technologies Limited as at the acquisition date being 14 April 2021.

Share-based payments reserve
The share-based payments reserve represents the fair value of performance rights and shares to be issued to directors, consultants, and employees. This reserve will be transferred to issued capital once the shares are issued or reversed through retained earnings if the options expire or are cancelled. Refer to note 20.

19 CAPITAL AND RESERVES (continued)

Reserves (continued)

	2024 $	2023 $
Predecessor accounting	(8,674)	(8,674)
Options	433,615	59,306
Performance rights	59,322	-
	484,263	**50,632**

The following table shows the movement in the options reserve during the year:

	Options			
	Number of options		Amount in $	
	2024	2023	2024	2023
Balance on 1 July	22,198,838	16,018,622	59,306	505,729
Issue of 25 cent options to KMPs and employees, expiring on 30-Jun-25	-	3,835,000	-	207,243
Issue of 15 cent options to KMPs, expiring on 10-Dec-25	-	9,000,000	-	221,310
Issue of free-attaching listed 15 cent options, expiring on 15-Dec-25	-	9,003,957	-	-
Prior year options expensed over vesting period	-	-	-	87,098
Cancellation of options on employee termination	(920,000)	(3,750,000)	(50,057)	(228,064)
Expired and exercised Class A Director & founder options issued 19-Mar-21	-	(7,108,741)	332,682	(332,682)
Expiry of Class A broker options issued on 29-Oct-21	-	(4,800,000)	-	(401,328)
Issue of 15 cent options to a KMP, expiring on 10-Dec-25	2,000,000	-	25,240	-
Issue of 4 cent options to KMPs and employees, expiring 31-Mar-29	22,500,000	-	95,640	-
Issue of listed 15 cent options to a broker, expiring on 15-Dec-25	2,446,500	-	24,465	-
Issue of free-attaching listed 15 cent options to a broker, expiring on 15-Dec-25	4,540,000	-	-	-
Issue of free attaching 4 cent options expiring on 09-Nov-26	36,961,433	-	-	-
Issue of 4 cent options to KMPs and employees, and consultants, expiring on 09-Nov-26	7,700,000	-	40,446	-
Expiry of 30-Jun-24, 30 cent options, issued on 20-Apr-21	(1,250,000)	-	(94,107)	-
Balance on 30 June	**96,176,771**	**22,198,838**	**433,615**	**59,306**

20 SHARE-BASED PAYMENTS

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase inequity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vet and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met or not, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee, and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

20 SHARE-BASED PAYMENTS (continued)

The share-based payment expense included within the consolidated financial statements can be broken down as follows:

	Note	2024 $	2023 $
Expensed in Personnel Expenses and Other Employee Benefits			
Options issued to key management personnel	24	103,151	376,715
Rights issued to key management personnel	24	59,322	-
Options issued to employees	6	13,921	59,482
Expensed in Professional fees			
Options issued to consultants		6,705	-
Expensed in the statement of profit or loss		**183,099**	**436,197**
Capital raising costs			
Options issued to consultants		62,015	-
Capitalised within equity		**62,015**	**-**

Share-based payment programme

The Company has adopted an Employee Share Option Scheme ("ESOS"). Under the ESOS, the Company may grant options and rights to Company eligible employees to acquire securities to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is measured using the Black Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is five years from grant date and the exercise price is settled in cash.

Options will not be transferable and will not be listed on the ASX unless the offer provides otherwise or the Board in its absolute discretion approves.

20 SHARE-BASED PAYMENTS (continued)

Options

On 30 June 2024, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
20-Apr-21	30-Jun-23	30-Jun-24	30	1,000,000	-	-	(1,000,000)	-	-
2-Aug-21	30-Jun-23	30-Jun-24	30	500,000	-		(500,000)	-	-
20-Jul-22	20-Jul-22	30-Jun-25	40	1,020,000	-	-	-	1,020,000	1,020,000
15-Dec-22	15-Dec-22	30-Jun-25	25	1,085,000	-	-	(570,000)	515,000	515,000
28-Jun-23	28-Jun-23	10-Dec-25	15	9,000,000	-	-	-	9,000,000	9,000,000
2-Aug-23	2-Aug-23	10-Dec-25	15	-	2,446,500	-	-	2,446,500	2,446,500
24-Aug-23	24-Aug-23	10-Dec-25	15	-	2,000,000	-	-	2,000,000	2,000,000
10-May-24	16-Nov-24	31-Mar-29	4	-	12,000,000	-	-	12,000,000	-
10-May-24	13-Jun-24	09-Nov-26	4	-	5,000,000	-	-	5,000,000	5,000,000
16-May-24	27-Nov-24	31-Mar-29	4	-	10,500,000	-	(100,000)	10,400,000	-
24-May-24	10-Dec-24	31-Mar-29	4	-	500,000	-	-	500,000	-
20-Jun-24	20-Dec-24	31-Mar-29	4	-	2,200,000	-	-	2,200,000	-
Total				**12,605,000**	**34,646,500**	**-**	**(2,170,000)**	**45,081,500**	**19,981,500**
Weighted average exercise price (cents)				19.67	5.41	-	27.49	8.34	13.78

At the reporting date, the weighted average remaining contractual life of options outstanding at year end was 3.37 years.

20 SHARE-BASED PAYMENTS (continued)

Key valuation assumptions made at valuation date under the Black & Scholes option pricing model are summarised below:

	Number of Options	Exercise Price (cents)	Grant date	Expiry date	Vesting Date	Life of the Options (years)	Volatility	Risk free Rate	Fair value at grant date (cents)	Share price at grant date (cents)
Tranche 1	1,000,000	30	20-Apr-21	30-Jun-24	20-Apr-21	3.20	95%	0.10%	7.617	16.0
Tranche 2	500,000	30	02-Aug-21	30-Jun-24	02-Aug-21	2.91	95%	0.16%	7.175	16.0
Tranche 3	1,020,000	40	18-Jul-22	30-Jun-25	18-Jul-22	2.95	95%	0.09%	4.431	16.0
Tranche 4	1,085,000	25	15-Dec-22	30-Jun-25	15-Dec-22	2.54	90%	3.31%	5.404	13.5
Tranche 5	9,000,000	15	28-Jun-23	10-Dec-25	28-Jun-23	2.45	90%	3.99%	2.459	6.9
Tranche 6	2,446,500	15	02-Aug-23	15-Dec-25	02-Aug-23	2.37	90%	3.90%	1.000	n/a
Tranche 7	2,000,000	15	24-Aug-23	10-Dec-25	24-Aug-23	2.30	90%	3.90%	1.262	4.87
Tranche 8	5,000,000	4	10-May-24	09-Nov-26	13-Jun-24	2.50	100%	3.92%	0.751	2.0
Tranche 9 (1)	12,000,000	4	10-May-24	31-Mar-29	16-Nov-24	4.89	100%	3.92%	1.158	1.8
Tranche 10 (1)	10,500,000	4	16-May-24	31-Mar-29	27-Nov-24	4.88	100%	3.92%	1.317	2.0
Tranche 11 (1)	500,000	4	24-May-24	31-Mar-29	10-Dec-24	4.85	100%	3.92%	1.642	2.4
Tranche 12 (1)	2,200,000	4	20-Jun-24	31-Mar-29	20-Dec-24	4.78	100%	4.02%	1.146	1.8

(1) The vesting conditions for tranches 9 to 12 requires the employee to remain as an employee six months after the issue of the options

20 SHARE-BASED PAYMENTS (continued)

Options (continued)

On 30 June 2023, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
19-Mar-21	19-Mar-21	30-Jun-23	25	4,450,000	-	(1,080,000)	(3,370,000)	-	-
20-Apr-21	30-Jun-23	30-Jun-24	30	1,250,000	-	-	(250,000)	1,000,000	1,000,000
2-Aug-21	30-Jun-23	30-Jun-24	30	750,000			(250,000)	500,000	500,000
10-Sep-21	29-Oct-21	30-Jun-23	25	4,800,000	-	-	(4,800,000)	-	-
17-Sep-21	30-Jun-23	30-Jun-24	30	250,000	-	-	(250,000)	-	-
16-Feb-22	30-Jun-23	30-Jun-24	30	250,000	-	-	(250,000)	-	-
20-Jul-22	20-Jul-22	30-Jun-25	40	-	1,020,000	-	-	1,020,000	1,020,000
15-Dec-22	15-Dec-22	30-Jun-25	25	-	3,835,000	-	(2,750,000)	1,085,000	1,085,000
28-Jun-23	28-Jun-23	10-Dec-25	15	-	9,000,000	-	-	9,000,000	9,000,000
Total				**11,750,000**	**13,855,000**	**(1,080,000)**	**(11,920,000)**	**12,605,000**	**12,605,000**
Weighted average exercise price (cents)				26.06	19.61	25.00	25.42	19.67	19.67

At the reporting date, the weighted average remaining contractual life of options outstanding at year end was 2.2 years.

20 SHARE-BASED PAYMENTS (continued)

Performance rights

On 30 June 2024, a summary of the Group options issued and not exercised are as follows:

Grant date	Vesting year	Expiry date	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
07-Sep-23	2025	07-Sep-25	-	1,000,000	-	-	1,000,000	-
07-Sep-23	2026	07-Sep-25	-	1,000,000	-	-	1,000,000	-
			-	**2,000,000**	**-**	**-**	**2,000,000**	**-**

The above grants will vest subject to the satisfaction of the following vesting hurdles:

Subject to remaining in tenure as a director of the Company:

- 1,000,000 to vest on 07-Sep-24; and
- 1,000,000 to vest on 07-Sep-25

Each performance right represents a right to have issued one fully paid ordinary share at the end of the performance period. No exercise price will be payable and the applicable performance hurdles must be met to be eligible to receive the shares.

On 24 August 2023, Warren Cook received 2,000,000 performance rights as part of his contract of employment. 1,000,000 will convert to fully paid ordinary shares on 7 September 2024 with the balance converted on 7 September 2025 subject to being in tenure on these dates. The fair value of the expense is based on the share price on grant date (4.9 cents), expensed over vesting period.

21 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For subsequent measurement, financial assets are amortised at cost

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent remeasurement of financial assets

<u>Financial assets at amortised cost</u>

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised costs using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

21 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade, and other payables.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2023.

The capital structure of the Group consists of cash and cash equivalents, borrowings, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Group is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

21 FINANCIAL INSTRUMENTS (continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates.

There has been no change to the Group's exposure to market risks or the manner it manages and measures the risk from the previous period.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

The Group's sensitivity to interest rates is immaterial. If interest rates had been 100 points higher or lower and all other variables were held constant, the Group's profit or loss would increase / (decrease) by $1,982.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, confirming references, and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognise financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes the financial statements. The Group does not hold any collateral.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2024 and the corresponding historical credit losses experienced within this period.

The loss allowance on all financial assets is measured by considering the probability of default. Receivables are in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group.

21 FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

The historical loss rates are adjusted to reflect current and forward-looking information has adopted a lifetime expected credit loss allowance in estimating expected credit losses to trade receivables through a matrix using overdue days. This provision is considered representative across all customers based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 10, no provision for expected credit loss has been made.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity, and a failure to make contractual payments for a period greater than one year.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, excluding liabilities associated with discontinued operations.

Non-derivative financial liabilities

The following table details the Group's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table includes both interest and principal cash flows.

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
30 June 2024				
Trade and other payables (including salary and superannuation liabilities)	n/a	223,095	-	-
Borrowings	7.43	134,073	53,076	11,007
		357,168	**53,076**	**11,007**
30 June 2023				
Trade and other payables (including salary and superannuation liabilities)	n/a	895,991	-	-
Borrowings (including right of use lease liabilities)	7.87	-	-	232,771
		895,991	**-**	**232,771**

21 FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers

There have been no transfers between the levels of the fair value hierarchy during the year ended 30 June 2024.

Not measured at fair value

The Group has various financial instruments which are not measured at fair value on a recurring basis in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation to their fair values.

The methods and valuation techniques used for the purposes of measuring fair values are unchanged compared to the previous reporting period.

22 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiary in accordance with the accounting policy described in note 1.4:

Name of subsidiary	Place of incorporation	Equity Interests	
		2024	2023
		%	%
RemSense Pty Ltd	Australia	100	100

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

23 PARENT COMPANY DISCLOSURES

Accounting Policy

The accounting policies of the parent entity, which has been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

As at, and throughout the financial year ended 30 June 2024, the parent entity of the Group was RemSense Technologies Limited.

	2024 $	2023 $
Result of the parent entity		
Loss for the year	(2,306,165)	(3,033,883)
Total comprehensive loss for the year	**(2,306,165)**	**(3,033,883)**
Financial position of parent entity at year end		
Current assets	223,814	493,168
Total assets	**1,175,471**	**1,742,159**
Current liabilities	(183,726)	(271,173)
Total liabilities	**(183,726)**	**(313,270)**
Total equity of the parent entity comprising of:		
Share capital	8,097,047	6,473,140
Options reserve	433,615	391,988
Performance rights reserve	59,322	-
Accumulated losses	(7,598,239)	(5,436,239)
Total equity	**991,745**	**1,428,889**

24 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

Key management personnel compensation

Key management personnel compensation comprises the following:

	2024 $	2023 $
Short-term employee benefits	513,116	829,635
Long-term employee benefits	(58,957)	8,969
Post-employment benefits	56,154	83,465
Share-based payments – options	103,151	376,715
Share-based payments – performance rights	59,322	-
	672,786	1,298,784

25 AUDITOR'S REMUNERATION

The auditor of RemSense Technologies Limited is BDO Audit Pty Ltd (formerly BDO Audit (WA) Pty Ltd). During the financial year the following fees were paid or payable for the services provided by BDO Australia, the auditor of the Group and its network firms:

	2024 $	2023 $
BDO Australia		
Audit and other assurance services		
Audit and review of financial reports	90,159	81,068
Non-audit services		
Taxation services (1)	32,452	27,500
Total remuneration services of BDO Australia	**122,611**	**108,568**

(1) includes $11,279 reversal of accrued tax consultancy fees for FY 2022/23.

26 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 11 September 2024, 1,000,000 fully paid ordinary shares were issued to Warren Cook on conversion of 1,000,000 performance rights which vested on the first anniversary of his appointment as CEO.

Other than as disclosed above, 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 Group, the results of these operations, or the state of affairs of the Group in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
As of 30 June 2024

Name of entity	Type of entity	Place formed or incorporated	Percentage of share capital held (if applicable)	Australian tax resident or foreign tax resident	Foreign tax jurisdiction (if applicable)
RemSense Technologies Limited	Body Corporate	Australia	n/a	Australian	n/a
RemSense Pty Ltd	Body Corporate	Australia	100%	Australian	n/a

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

DIRECTORS’ DECLARATION

In accordance with a resolution of the Directors of RemSense Technologies Limited, we state that:

In the directors’ opinion:

1. The financial statements and notes 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 disclosed in *note 1.2.*
3. The financial statements and notes give a true and fair view of the Group’s financial position as of 30 June 2024 and of its performance for the financial year ended on that date.
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.
5. The Consolidated Entity Disclosure Statement on page 78 is true and correct.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2024.

On behalf of the Board

Warren Cook
Managing Director

27 September 2024
Perth

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INDEPENDENT AUDITOR'S REPORT

To the members of RemSense Technologies Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RemSense Technologies Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement 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 2024 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1.5 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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 period. 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
The Group has several material revenue streams in the form of engineering services, scanning jobs and Software as a Service (SaaS) contracts. The revenue streams are material to the financial report. Management focuses on revenue as the key driver by which the performance of the Group is measured. Refer to Note 4 in the financial report for disclosures relating to the Group's revenue accounting policy and judgements applied in revenue recognition. The core principle of AASB 15 Revenue from contracts with customers, is that an entity should recognise revenue to depict the transfer of promised services to customers that reflects the consideration to which the entity expects to be entitled for those services. In our view, revenue recognition is material to our audit due to the significance of revenue to the financial report and the complex nature of accounting for the appropriate timing of revenue related to the individual revenue streams.	Our procedures included, but were not limited to the following: • Assessing the appropriateness of management's revenue recognition policy, ensuring that the policy is in accordance with the five step model adopted by the relevant Australian Accounting Standards, AASB 15; • Understanding and documenting the process and controls used by the group in recording revenue; • Checking a sample of revenue transactions to evaluate whether they were appropriately recorded as revenue ensuring the amounts recorded agrees to supporting evidence; • Testing a sample of outstanding customer contracts at year end and agreeing to supporting records to ensure that contract assets and contract liabilities have been recognised in accordance with the accounting standard and the Group's accounting policy; • Performing cut-off procedures to ensure that all revenue was captured in the appropriate financial year; and • Assessing the adequacy of the related disclosures in note 4 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of 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 has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 25 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of RemSense Technologies Limited, for the year ended 30 June 2024, 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.

BDO Audit Pty Ltd

BDO

Ashleigh Woodley

Director

Perth, 27 September 2024

SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable on 12 September 2024:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 – 1,000	46	22,283	0.01
1,001 – 5,000	270	720,435	0.43
5,001 – 10,000	131	1,090,997	0.66
10,001 – 100,000	322	11,418,409	6.88
100,001 and over	124	152,607,563	92.02
Total	**893**	**165,859,687**	**100.00**

There were 526 holders of less than a marketable parcel of ordinary shares.

2. Distribution of listed options

Range	Total holders	Ordinary shares	% of issued capital
1 – 1,000	22	11,522	0.07
1,001 – 5,000	21	49,582	0.31
5,001 – 10,000	15	108,732	0.68
10,001 – 100,000	27	894,608	5.59
100,001 and over	29	14,926,013	93.35
Total	**114**	**15,990,457**	**100.00**

3. Substantial shareholders

The substantial shareholders are set out below:

	Number of shares
Richard Pace	28,499,153
Trench Super Pty Ltd <Brown Family	13,587,638
Adrian John Hollis	12,814,473
Citicorp Nominees Pty Limited	12,701,959
John Clegg	10,138,786

4. Voting rights

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options and rights
No voting rights.

5. Corporate Governance Statement

In accordance with Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on the Company's website.

Refer to: https://remsense.com.au/investors/corporate-governance/

6. Unlisted options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
20-Jul-2022	1,609,881	6	30-Jun-2025	40
15-Dec-2022	515,000	7	30-Jun-2025	25
28-Jun-2023	9,000,000	3	10-Dec-2025	15
24-Aug-2023	2,000,000	1	10-Dec-2025	15
09-Nov-2023	41,961,433	115	09-Nov-2026	4
10-May-2024	25,100,000	21	31-Mar-2029	4

7. Performance rights

Grant date	Number	Number of holders	Expiry date
24-Aug-2023	1,000,000	1	10-Dec-2025

8. Twenty largest shareholders on 12 September 2024

	Ordinary shares	
Shareholders	Number held	% of issued shares
Valrich Superannuation Pty Ltd <Valrich Super A/C>	15,999,153	9.65
Trench Super Pty Ltd <Brown Family Super Fund A/C>	13,587,638	8.19
Adrian John Hollis	12,814,473	7.73
Citicorp Nominees Pty Limited	12,701,959	7.66
Richard Pace <Pace Family a/C>	12,500,000	7.54
Mr Nicholas John Clegg	5,825,000	3.51
Rosherville Pty Ltd <Ayton Super Fund A/C>	5,400,000	3.26
Sunlora Pty Ltd <The Three Fish Super A/C>	5,000,000	3.01
Mr Bryant James McLarty <The McLarty Family A/C>	4,308,041	2.60
Omnivest Pty Ltd <The Clegg Super Fund A/C>	4,019,786	2.42
Endeavour River Pty Ltd	4,000,000	2.41
Grant Street Pty Ltd <Second John Thompson S/F A/C>	2,830,292	1.71
Biosynergy International Pty Ltd	2,778,168	1.68
Mr Francis Joseph Maher & Mrs Sharon Jane Maher <Maher Family A/C>	2,635,137	1.59
10 Bolivianos Pty Ltd	2,524,650	1.52
Egmont Pty Ltd <Craig Carter Super Fund A/C>	2,260,112	1.36
Sutho One Pty Ltd <Sutho One Super Fund A/C>	1,958,122	1.18
Mr Daniel Lawrie	1,664,705	1.00
RS Linfoot Investments Pty Ltd	1,555,897	0.94
Shampers Nominees Pty Ltd	1,230,000	0.74

9. Twenty largest listed option holders on 12 September 2024

	Ordinary shares	
Shareholders	Number held	% of issued shares
Mr Leigh Mackay	2,346,502	14.67
Outback Capital Pty Ltd <Ford Family Retire Fund A/C>	2,088,888	13.06
Surveyor Holdings Pty Ltd <Surveyor F/T A/C>	1,000,000	6.25
Mr Francis Joseph Maher & Mrs Sharon Jane Maher <Maher Family A/C>	1,000,000	6.25
MBA Investments Pty Ltd	750,001	4.69
Mr MD Akram Uddin	625,051	3.91
Outback Capital Pty Ltd <Outback Ford A/C>	605,556	3.79
SLH Share Trading Pty Ltd	600,000	3.75
SMB Group Holdings Pty Ltd <Stuart Brown Family A/C>	500,000	3.13
Cliffe & Co Pty Ltd <Cliffe Trading A/C>	500,000	3.13
Mr Ilan Saul Davidoff	424,949	2.66
MBA Investments Pty Ltd	408,334	2.55
Gen Y Investing Pty Ltd	360,000	2.25
Green Mountains Investments Ltd	360,000	2.25
Gilsmith SMSF Pty Ltd <Gilsmith Pty Ltd SF A/C>	350,000	2.19
Riya Investments Pty Ltd	333,333	2.08
Mr Glen Geoffrey Wallace	333,333	2.08
Ms Angela Margaret Day	300,000	1.88
Sutho One Pty Ltd <Sutho One Super Fund A/C>	256,733	1.61
Mr James Michael Hallion & Miss Bridget Anne Hallion <JBHAL Superfund A/C>	250,000	1.56

CORPORATE DIRECTORY

Directors

Mr Ross Taylor
Mr Warren Cook
Mr John Clegg

Company Secretary

Mr David McArthur

Registered and Principal Office

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Options: REMO

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