



REMSSENSE TECHNOLOGIES LIMITED

ABN 50 648 834 771

**APPENDIX 4D and
INTERIM FINANCIAL REPORT**

For the half-year ended 31 December 2022

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APPENDIX 4D

Reporting period (current period)	Half-year ended 31 December 2022
Previous corresponding period	Half-year ended 31 December 2021

Results for announcement to the market

Results performance	6 months to 31 Dec 2022	6 months to 31 Dec 2021	Percentage Increase / (decrease)
	\$	\$	
Revenue from ordinary activities	990,473	2,054,067	(51.78)
Loss after tax attributable to owners of the Company	(1,546,226)	(946,540)	(63.36)
Net loss attributable to owners of the Company	(1,546,226)	(946,540)	(63.36)

Dividend information

	Amount per share (cents)	Franked amount per share (cents)
Final 2022 dividend per share	Nil	Nil
Interim 2023 dividend per share	Nil	Nil

Net tangible assets / (liabilities)

	31 Dec 2022	31 Dec 2021
Net tangible assets / (liabilities) per ordinary share (cents)	1.330	4.922

Details of entities over which control has been gained or lost during the period

None.

Details of associates and joint venture entities

None.

Review of Results

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2022. This Interim Financial Report should be read in conjunction with the most recent annual financial report.

Review Report

This Interim Financial Report has been subject to review by the Company's external auditor and the review report is attached as part of the interim financial report.

DIRECTORS' REPORT

The Directors present their Interim Financial 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' or 'RemSense') and the entity it controlled at the end of, or during, the half-year ended 31 December 2022.

DIRECTORS

The following persons were directors of RemSense during the whole of the half-year and up to the date of this report, unless otherwise stated:

Steve Brown	Managing Director
Chris Sutherland	Non-executive Chairman
Ross Taylor	Non-executive Director
Nicole O'Connor	Non-executive Director (resigned 13 February 2023 due to her employer policy requirements)

REVIEW OF OPERATIONS

Revenue for the six months totalled \$990,473 (31 December 2021: \$2,054,067), a decrease of 52% over the prior six month period, impacted by reduced engineering work, as the Company focused its efforts on the further development of its virtualplant technology. However, due to a change in the service mix away from engineering sales and towards scanning services and the provision of SaaS contracts, the gross margin on sales has improved from 31% for the six months to 31 December 2021 to 59% in this period.

The net loss for the period was \$1,546,226 (31 December 2021: \$946,540), largely as a result of the fall in revenue. However, overheads did increase in the period, particularly personnel costs which included share-based payments of \$259,270 as a result of the issue of share options.

The closing cash position of \$594,804 (31 December 2021: \$3,712,782) was impacted by overdue receipts of \$358,601, which were fully collected in January 2023.

Virtualplant Foundations Built and Strengthened

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

Asset Management System Integration Strategy On Track

- In early 2022, RemSense realised that through partnering and integrating with global industrial asset management and analytics system providers such as IBM, the opportunities for virtualplant digital twin solution were exponentially larger than anticipated.
- RemSense revised its business strategy and;
 - redirected resources to develop as a fully certified enterprise grade solution with analytics capabilities as identified by targeted partners and clients.
 - refreshed its marketing strategy to give greater focus on strategic partnerships with leading global asset management solution providers.
 - developed new features to extend the product further than originally planned in this time period.
 - reorganised and restructured the business to simplify the business model to focus on virtualplant and associated data capture and services.
- This work is substantially complete with a streamlined organisation and RemSense is seeing the opportunities and prospects grow in line with expectations. Opportunities and prospects are further detailed in the Opportunity Update below.
- The refreshed marketing strategy is client focused. In parallel, RemSense has increased its investor news with regular newsletters, webinars and presentations.
- Virtualplant is generating traction with asset management software providers and end users as it allows users to think and operate naturally.

QUICK TO SCAN QUICK TO PROCESS SIMPLE TO DEPLOY

How do you see your assets?

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

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

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

SOME OF OUR PLANT'S KEY BENEFITS:



Accelerate digital transformation
Visual ways of working empowers the workforce



Maintenance efficiency
Visualise critical asset health IoT data



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



Turnarounds
Improved planning efficiency



Drive Net-Zero
Surface and quantify asset emission data



Reduce HSE risk
Avoiding unnecessary travels to site



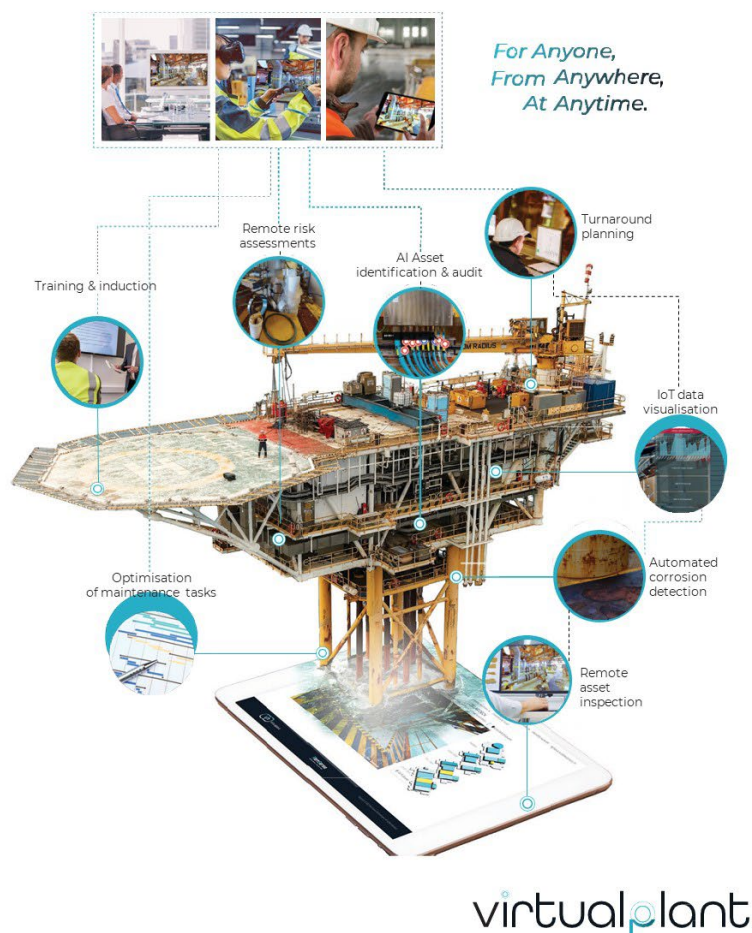
Reduce risks
Planning safe working areas and access routes



Virtual Asset Register
Maintain an accurate visual register of assets

RemSense
WE CREATE SOLUTIONS

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New Virtualplant Contracts Awarded and Executed

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

Opportunity Update

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

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

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

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

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

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

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

CORPORATE

RemSense Technologies Limited is listed on the Australian Securities Exchange (ASX: REM), classified as a West Australian technology development and systems engineering services company, and has approximately 84.8 million shares on issue at the date of this report.

The principal activities of the Company are to provide innovation, data capture and insights, and virtualplant digital twin solutions across industrial, infrastructure and resource market sectors.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as reported in the Review of Operations, there were no matters that significantly affected the affairs of the Group during the reporting period.

MATTERS SUBSEQUENT TO THE BALANCE DATE

Other than as disclosed in note 16 to the financial statements, there have been no other matters or circumstances that have arisen since the end of the financial period 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.

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 7.

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.



STEVE BROWN
Managing Director

27 February 2023
Perth, WA

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF REMSENSE TECHNOLOGIES LIMITED

As lead auditor for the review of RemSense Technologies Limited for the half-year ended 31 December 2022, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half-year ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Revenue	3	990,473	2,054,067
Government grants	4	63,111	80,559
Cost of sales	5	(406,678)	(1,418,113)
Marketing and business development		(126,567)	(86,610)
Personnel expenses		(1,556,050)	(1,018,234)
General and administration		(230,922)	(231,449)
Professional fees		(92,203)	(240,320)
Depreciation	7	(38,324)	(30,087)
Amortisation	8	(84,444)	(271)
Amortisation – right of use assets		(60,454)	(31,945)
Research and development costs		(2,584)	(15,835)
Other losses		(48)	(133)
Results from operating activities		(1,544,690)	(938,371)
Finance income		3,485	863
Finance costs	5	(5,021)	(9,032)
Net finance costs		(1,536)	(8,169)
Loss before income tax		(1,546,226)	(946,540)
Income tax expense		-	-
Loss for the period		(1,546,226)	(946,540)
Total comprehensive loss for the period		(1,546,226)	(946,540)
Total comprehensive loss attributable to owners of the Company		(1,546,226)	(946,540)
Loss per share (cents per share)			
Basic and diluted	12	(1.89)	(1.50)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

		31 December 2022	30 June 2022
	Note	\$	\$
Assets			
Cash and cash equivalents	6	594,804	2,140,174
Trade and other receivables		714,626	568,367
Contract assets	3	78,806	6,058
Prepayments		192,014	97,179
Other financial assets		131,624	131,624
Total current assets		1,711,874	2,943,402
Property, plant, and equipment	7	294,623	300,889
Right of use assets		45,790	106,244
Intangible assets	8	1,007,178	398,616
Total non-current assets		1,347,591	805,749
Total assets		3,059,465	3,749,151
Liabilities			
Trade and other payables		237,056	646,869
Borrowings		133,656	-
Lease liabilities		45,027	102,835
Employee benefits		261,611	275,547
Contract liabilities	3	20,268	146,138
Total current liabilities		697,618	1,171,389
Employee benefits		60,579	90,556
Provisions		12,000	12,000
Contract liabilities	4	154,903	-
Total non-current liabilities		227,482	102,556
Total liabilities		925,100	1,273,945
Net assets		2,134,365	2,475,206

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2022

		31 December 2022	30 June 2022
	Note	\$	\$
Equity			
Issued capital	9	6,598,770	5,652,655
Reserves	9	756,325	497,055
Accumulated losses		(5,220,730)	(3,674,504)
Total equity		2,134,365	2,475,206

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Half-year ended 31 December 2022

	Issued capital \$	Predecessor accounting reserve \$	Options reserve \$	Accumulated losses \$	Total equity \$
Balance on 1 July 2021	1,421,784	(8,674)	8,439	(1,223,402)	198,147
Loss after income tax expense for the period	-	-	-	(946,540)	(946,540)
Total comprehensive loss for the period	-	-	-	(946,540)	(946,540)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity	4,230,871	-	-	-	4,230,871
Share-based payment transactions (note 13)	-	-	440,836	-	440,836
Balance on 31 December 2021	5,652,655	(8,674)	449,275	(2,169,942)	3,923,314
Balance on 1 July 2022	5,652,655	(8,674)	505,729	(3,674,504)	2,475,206
Loss after income tax expense for the period	-	-	-	(1,546,226)	(1,546,226)
Total comprehensive loss for the period	-	-	-	(1,546,226)	(1,546,226)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity (note 9)	946,115	-	-	-	946,115
Share-based payment transactions (note 13)	-	-	259,270	-	259,270
Balance on 31 December 2022	6,598,770	(8,674)	764,999	(5,220,730)	2,134,365

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Half-year ended 31 December 2022

	Note	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Receipts from customers		1,032,187	2,356,017
Government grants		(34,424)	12,000
Payments to suppliers and employees		(2,579,122)	(3,292,182)
Interest received		3,485	-
Interest paid		(5,021)	(9,032)
Payments for research and development		(2,584)	(15,835)
Net cash used in operating activities	10	(1,585,479)	(949,032)
Cash flows from investing activities			
Payments for property, plant, and equipment		(50,626)	(148,516)
Payments for intangible assets		(715,876)	-
Net cash used in investing activities		(766,502)	(148,516)
Cash flows from financing activities			
Proceeds from issue of shares and options		570,000	5,000,000
Proceeds from exercise of options		402,470	-
Proceeds from loans		-	100,000
Repayment of loans		-	(350,000)
Repayment of premium funding facilities		(81,696)	-
Repayment of chattels and mortgages		-	(70,297)
Payment of lease liabilities		(57,808)	(34,875)
Payment of capital raising costs		(26,355)	(367,802)
Net cash from financing activities		806,611	4,277,026
Net (decrease)/ increase in cash and cash equivalents		(1,545,370)	3,179,478
Cash and cash equivalents on 1 July		2,140,174	533,304
Cash and cash equivalents on 31 December		594,804	3,712,782

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

NOTES TO THE INTERIM FINANCIAL REPORT

Half-year ended 31 December 2022

1 CORPORATE INFORMATION

The financial statements cover RemSense Technologies Limited ("the Company") as a Group consisting of RemSense Technologies Limited and the entity it controlled ("the Group") at the end of, or during the half-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 office and principal place of business is 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 issue, in accordance with a resolution of Directors, on 27 February 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This interim financial report for the half-year ended 31 December 2022 is a condensed general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

The interim financial report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2022.

It is also recommended that the interim financial report be considered together with any public announcements made by RemSense Technologies Limited during the half-year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

2.2 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.

At 31 December 2022, the Group had net assets of \$2,134,365 (30 June 2022 \$2,475,206), a working capital surplus of \$1,014,256 (30 June 2022: \$1,772,013) and cash at bank of \$594,804 (30 June 2022: \$2,140,174). For the six months ended 31 December 2022, the Group recorded a loss of \$1,546,226 (2021: \$946,540) and cash outflows from operating and investing activities of \$2,351,981 (2021: \$1,097,548).

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business. Given the recent traction being gained in selling virtualplant, the Directors are satisfied the Group is a going concern as they expect virtualplant to derive significant future revenues and positive cash flows for the Company. The Directors are also confident that they can raise funds as and when required.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2.3 Accounting policies

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

There were no new Accounting Standards and Interpretations relevant to the Group during the reporting period.

2.4 Segment information

For management purposes, the Company is organised into one operating segment, being technology development, digital engineering solutions and its virtualplant photogrammic Digital Twin software product, and services a range of markets and applications in Western Australia. All the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) 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 contained in note 2.3 to the accounts.

For the period ended 31 December 2022, revenues of approximately \$392,483 and \$316,212 were derived from two external customers (period to 31 December 2021: \$1,647,906 and \$206,085). These revenues are attributed to the provision of scanning services, software sales and engineering services."

3 REVENUE

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

	31 December 2022 \$	31 December 2021 \$
Timing of revenue recognition		
Rendering of services transferred over time	780,268	1,746,548
Rendering of services transferred at a point in time	210,205	307,519
	990,473	2,054,067

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

	31 December 2022 \$	30 June 2022 \$
Contract assets		
Accrued income *	78,806	6,058
	78,806	6,058
Contract liabilities		
Unearned revenue **	20,268	146,138
	20,268	146,138

* Most of this balance relates to work carried out in December 2022 on a job that was completed and invoiced in February 2023.

** The balance of \$20,268 (30 June 2022: \$146,138) relates to unearned revenue on two contracts (30 June 2022: four contracts). \$15,268 of this balance will be fully recognised and earned by the end of February 2023.

4 GOVERNMENT GRANTS

	31 December 2022 \$	31 December 2021 \$
R&D tax incentive	63,111	80,559
	63,111	80,559

An R&D receivable of \$218,014 (2021: \$80,559) has been recorded at 31 December 2022. As per IAS 21, para 12, income is recognisable immediately for the portion of the claim relating to cost already expensed in profit and loss, as well as amortisation of capitalised expenditure over the life of the asset. A deferred income amount is recognised in the balance sheet for the portion of the R&D tax incentive relating to capitalised cost, and is unwound in line with the amortisation of the intangible asset as at 31 December 2022 as shown below:

	31 December 2022 \$	30 June 2022 \$
Contract liabilities		
R&D tax incentive (government grant) – deferred income	154,903	-
	154,903	-

5 EXPENSES

Loss before income tax from continuing operations includes the following specific expenses:

	Note	31 December 2022 \$	31 December 2021 \$
Cost of sales			
Cost of sales		406,678	1,418,113
Finance costs			
Interest and finance charges paid / payable on borrowings		3,058	6,412
Interest and finance charges paid / payable on lease liabilities		1,963	2,620
		5,021	9,032
Superannuation expense			
Defined contribution superannuation expense – key management		44,189	35,475
Defined contribution superannuation expense - staff		106,837	104,646
		151,026	140,121
Share-based payment expense			
Key management personnel	13	204,445	31,736
Staff		54,825	7,772
		259,270	39,508

6 CASH AND CASH EQUIVALENTS

	31 December 2022 \$	30 June 2022 \$
Cash at bank	594,605	637,061
Cash on deposit	-	1,500,000
Other	199	3,113
Cash and cash equivalents in the statement of cash flows	594,804	2,140,174

7 PROPERTY, PLANT AND EQUIPMENT

	31 December 2022 \$	30 June 2022 \$
Plant and equipment – at cost	564,009	538,929
Less: accumulated depreciation	(338,491)	(309,465)
	225,518	229,464
Furniture and office equipment – at cost	40,897	39,185
Less: accumulated depreciation	(4,624)	(2,631)
	36,273	36,554
Communication and computer equipment – at cost	54,447	49,183
Less: accumulated depreciation	(33,255)	(27,766)
	21,192	21,417
Mobile equipment and motor vehicles – at costs	58,409	58,409
Less: accumulated depreciation	(46,904)	(45,227)
	11,505	13,182
Leasehold improvements – at costs	6,426	6,426
Less: accumulated depreciation	(6,291)	(6,154)
	135	272
	294,623	300,889

Reconciliation

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

	Plant & equipment \$	Furniture & office Equipment \$	Computer & comms Equipment \$	Mobile Equipment & motor Vehicles \$	Leasehold improve- ments \$	Total \$
Balance on 1 July 2022	229,464	36,554	21,417	13,182	272	300,889
Additions	25,080	1,712	5,264	-	-	32,057
Disposals	-	-	-	-	-	-
Depreciation expense	(29,026)	(1,993)	(5,489)	(1,677)	(137)	(38,324)
Balance on 31 December 2022	225,518	36,273	21,192	11,505	135	294,623

8 INTANGIBLE ASSETS

	31 December 2022 \$	30 June 2022 \$
Patents and Trademarks – at cost	14,786	5,930
Less: accumulated amortisation	-	-
	14,786	5,930
virtualplant: Software – at cost	631,846	400,471
Less: accumulated amortisation	(55,626)	(7,785)
	576,220	392,686
virtualplant: IP * – at cost	400,000	-
Less: accumulated amortisation	(36,603)	-
	363,397	-
virtualplant: other software development cost – at cost	52,775	-
Less: accumulated amortisation	-	-
	52,775	-
	1,007,178	398,616

* On 20 July 2022, the Company acquired the virtualplant background Intellectual Property (IP) previously owned by Woodside Energy Technologies Ltd (Woodside) for a total sum of \$400,000. As a consequence, RemSense is no longer required to pay Woodside a 5% license fee for use of their IP. During the 6 months to 31 December 2022, RemSense continued the development of its virtualplant software product with all product development cost of \$293,006 (2021: nil) capitalised and amortisable over 5 years.

Reconciliation

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

	Patents & Trademarks \$	virtualplant Software \$	virtualplant IP \$	virtualplant other software development cost \$	Total \$
Balance on 1 July 2022	5,930	392,686	-	-	398,616
Additions	8,856	231,375	400,000	52,775	693,006
Disposals	-	-	-	-	-
Amortisation expense	-	(47,841)	(36,603)	-	(84,444)
Balance on 31 December 2022	14,786	576,220	363,397	52,775	1,007,178

9 ISSUED CAPITAL

Ordinary shares

	Number of shares	Amount in \$
Balance on 1 July 2021	54,593,751	1,421,784
Issue of fully paid shares for cash	25,000,000	5,000,000
Capital raising costs	-	(769,129)
Balance on 30 June 2022	79,593,751	5,652,655
Balance on 1 July 2022	79,593,751	5,652,655
Issue of fully paid shares on conversion of options ⁽¹⁾	1,609,881	402,470
Issue of fully paid shares under SPP ⁽²⁾	3,562,500	570,000
Capital raising costs	-	(26,355)
Balance on 31 December 2022	84,766,132	6,598,770

(1) Certain current and past Directors of the Company converted 1.6m A class options to raise \$402,470 of funds used to acquire the virtualplant IP from Woodside.

(2) The Company issued 3,562,500 fully paid ordinary shares under a Share Placement Plan in November 2022.

Reserves

The following table shows the movement in reserves during the year.

	31 December 2022 \$	30 June 2022 \$
(a) Predecessor accounting reserve	(8,674)	(8,674)
(b) Options reserve	764,999	505,729
	756,325	497,055

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

9 ISSUED CAPITAL (continued)

(b) Options reserve

	Options Number of options	Amount in \$
Balance on 1 July 2021	9,968,622	8,439
Issue of options (exercisable at 25 cents), expiring on 30-Jun-23 as part of broker consideration	4,800,000	401,329
Issue of series-C options (exercisable at 30 cents), expiring on 30-Jun- 24 to Directors & KMPs	750,000	78,873
Issue of series-C options (exercisable at 30 cents), expiring on 30-Jun- 24 to employees	500,000	17,088
Balance on 30 June 2022	16,018,622	505,729
Balance on 1 July 2022	16,018,622	505,729
Cancellation of series-C options on termination of employees employment	(250,000)	(8,544)
Issue of series-C options (exercisable at 25 cents), expiring on 30-Jun- 25 to KMPs	2,750,000	148,610
Issue of series-C options (exercisable at 25 cents), expiring on 30-Jun- 25 to employees	1,085,000	58,634
Expensing of options issued in prior periods over vesting period	-	60,570
Balance on 31 December 2022	19,603,622	764,999

10 RECONCILIATION OF LOSS TO NET CASH FROM OPERATING ACTIVITIES

The carrying amounts of receivables and payables are considered a reasonable approximation of their fair value.

	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities		
Loss for the period	(1,546,226)	(946,540)
Adjustments for:		
Finance expense	-	-
Depreciation and amortisation	183,222	62,303
Other income	(63,111)	-
Equity-settled share-based payments	259,270	39,508
Annual and long service leave expense	(67,315)	27,970
Gain on sale of property, plant, and equipment	-	-
Change in trade and other receivables	77,586	212,217
Change in prepayments	120,517	(128,806)
Change in contract assets	(72,748)	(184,410)
Change in other operating assets	-	(60,000)
Change in trade and other payables	(374,205)	59
Change in contract liabilities	(125,870)	-
Change in employee benefits provision	23,401	28,667
Net cash used in operating activities	(1,585,479)	(949,032)

11 FINANCIAL INSTRUMENTS

The carrying amounts of receivables and payables are considered a reasonable approximation of their fair value.

12 LOSS PER SHARE

	31 December 2022 \$	31 December 2021 \$
<i>Basic and diluted loss per share from continuing operations</i>		
Loss after income tax attributable to owners of the Company	(1,546,226)	(946,540)
	Cents	Cents
Basic loss and diluted loss per share	(1.89)	(1.50)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares on 1 July	48,090,267	54,593,751
Effect of shares issued	33,878,772	8,695,652
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	81,969,039	63,289,403

13 SHARE-BASED PAYMENTS

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

	31 December 2022 \$	31 December 2021 \$
Expensed in personnel expenses		
Options issued to directors and key management personnel	204,445	31,736
Options issued to employees	54,825	7,772
Capital raising costs within equity		
Options issued to broker	-	401,328

13 SHARE-BASED PAYMENT PLANS (continued)

Share-based payment programme

The Company has adopted an Employee Share Option Scheme ("ESOS"). Under the ESOS, once issued, the Company may grant options and rights to Group eligible employees and consultants 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.

Options

On 31 December 2022, 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:

Option Class	Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the period	Exercised during the period	Expired / forfeited during the period	Balance at the end of the period	Vested and exercisable at the end of the period
A	19-Mar-21	19-Mar-21	30-Jun-23	25	4,450,000	-	(1,080,000)	-	3,370,000	3,370,000
C	20-Apr-21	30-Jun-23	30-Jun-24	30	1,250,000	-	-	-	1,250,000	-
C	02-Aug-21	30-Jun-23	30-Jun-24	30	750,000	-	-	(250,000)	500,000	-
A	10-Sep-21	29-Oct-21	30-Jun-23	25	4,800,000	-	-	-	4,800,000	4,800,000
C	17-Sep-21	30-Jun-23	30-Jun-24	30	250,000	-	-	-	250,000	-
C	16-Feb-22	30-Jun-23	30-Jun-24	30	250,000	-	-	-	250,000	-
B	20-Jul-22	20-Jul-22	30-Jun-25	40	-	1,020,000	-	-	1,020,000	1,020,000
C	15-Dec-22	15-Dec-22	30-Jun-25	25	-	3,835,000	-	-	3,835,000	3,835,000
Total					11,750,000	4,855,000	(1,080,000)	(250,000)	15,275,000	13,025,000
Weighted average exercise price (cents)					26.06	28.15	25.00	30.00	26.74	26.17

At the exercise date, the weighted average remaining contractual life of options outstanding on 31 December 2022 was 1.28 years.

13 SHARE-BASED PAYMENT PLANS (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	Life of the Options (years)	Volatility	Risk free Rate	Fair value at grant date (cents)	Share price at grant date (cents)
Tranche 1	3,370,000	25	19-Mar-21	30-Jun-23	2.28	95%	0.10%	7.476	16
Tranche 2	1,250,000	30	20-Apr-21	30-Jun-24	3.20	95%	0.10%	7.617	16
Tranche 3	500,000	30	02-Aug-21	30-Jun-24	2.91	95%	0.16%	7.175	16
Tranche 4	4,800,000	25	10-Sep-21	30-Jun-23	1.80	95%	0.01%	8.361	20
Tranche 5	250,000	30	17-Sep-21	30-Jun-24	2.79	95%	0.15%	9.691	20
Tranche 6	250,000	30	16-Feb-22	30-Jun-24	2.37	90%	1.02%	24.278	41
Tranche 7	1,020,000	40	20-Jul-22	30-Jun-25	2.95	95%	0.09%	4.431	16
Tranche 8	3,835,000	25	15-Dec-22	30-Jun-25	2.54	90%	3.31%	5.404	13.5

During the reporting period, no options expired. However, 250,000 tranche 3 options were cancelled on termination of the employment of the holder of those options.

Also, during the period, on 20 July 2022, the acquisition of the virtualplant IP was funded through the conversion of certain A options held by current and past directors of the Company. The conversion of A options triggers the issue of an equivalent number of B options. Overall, 1,609,881 A options were converted, of which 1,080,000 were owned by KMPs. Only 1,020,000 of the B option holders are still KMPs of the Company.

At the reporting date, there are a total of 19,603,622 options on issue in RemSense Technologies Limited (13,940,000 options relating to Directors and KMPs), exercisable between 25 and 40 cents per share, and expiring between 30 June 2023 and 30 June 2025.

14 RELATED PARTY TRANSACTIONS

No KMP's had any related party transactions with the Group over this reporting period.

Key management personnel compensation comprises the following:

	31 December 2022 \$	31 December 2021 \$
Short-term employee benefits	458,773	379,926
Long-term employee benefits	5,942	8,653
Post-employment benefits	44,192	35,475
Share-based payments – options	204,445	31,736
	713,352	455,790

15 COMMITMENTS AND CONTINGENCIES

As at 31 December 2022, the Company has not identified any commitments and contingencies.

16. MATTERS SUBSEQUENT TO THE BALANCE DATE

Due to a change in policy with her current employer, it became necessary for Nicole O'Connor to resign her position as a Non-Exec Director of RemSense, effective as of the 13th of February 2023.


Other than as disclosed above, there have been no other matters or circumstances that have arisen since the end of the half-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.

DIRECTORS' DECLARATION **For the half-year ended 31 December 2022**

In the opinion of the Directors of RemSense Technologies Limited (the 'Group'):

- (a) the financial statements and notes set out on pages 8 to 25 are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the six months ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



STEVE BROWN
Managing Director

27 February 2023
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of RemSense Technologies Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of RemSense Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2.2 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'Dean Just' written in a cursive, stylized script. Above the signature, the letters 'BDO' are handwritten in a simple, blocky font.

Dean Just

Director

Perth, 27 February 2023

CORPORATE DIRECTORY

Directors

Mr Chris Sutherland
Mr Steve Brown
Mr Ross Taylor
Ms Nicole O'Connor (resigned 13 February 2023)

Secretary

Mr David McArthur

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