



REMSense TECHNOLOGIES LIMITED

ABN 50 648 834 771

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED

30 JUNE 2024

Rule 4.3A

APPENDIX 4E

Preliminary Final Report

Reporting period (current period)	Year ended 30 June 2024
Previous corresponding period	Year ended 30 June 2023

Results for Announcement to the Market

	Current Period	Previous Period	Percentage increase / (decrease) %
	\$	\$	
Revenue from ordinary activities	1,663,375	2,084,835	(20.22)
Loss from ordinary activities after income tax attributable to owners of the Company	(2,306,165)	(3,033,883)	(23.99)
Net loss attributable to owners of the Company	(2,306,165)	(3,033,883)	(23.99)

Dividend information

	Amount per share (cents)	Franked amount per share (cents)	Amount per share of foreign source dividend (cents)	Total Amount \$'000	Date of payment
Final Dividend	Nil	Nil	Nil	Nil	N/A
Interim Dividend	Nil	Nil	Nil	Nil	N/A
Previous corresponding period	Nil	Nil	Nil	Nil	N/A
Record Date for Determining Entitlements	Not Applicable				

Commentary on Results

Commentary on significant features of operating performance and other factors affecting the results for the financial year are included at the end of the financial statements.

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

	2024	2023
	\$	\$
Revenue	1,663,375	2,084,835
Government grants	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	(1,920,691)	(2,878,841)
General and administration costs	(477,203)	(534,826)
Professional fees	(278,536)	(177,284)
Depreciation	(99,510)	(89,687)
Amortisation	(261,309)	(186,780)
Amortisation – right of use assets	(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	-	-
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 towners of the Company	(2,306,165)	(3,033,883)
Loss per share		
Basic and diluted (cents per share)	(1.42)	(3.55)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2024

	2024 \$	2023 \$
Assets		
Cash and cash equivalents	325,650	789,652
Trade and other receivables	6,196	163,698
Contract assets	22,178	33,909
Prepayments	97,357	179,034
Other financial assets	62,681	60,000
Total current assets	514,062	1,226,293
Property, plant, and equipment	274,350	357,268
Intangible assets	1,191,945	1,032,044
Right of use assets	87,151	182,225
Other financial assets	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	199,694	359,035
Borrowings	95,063	18,371
Lease Liabilities	92,086	90,930
Employee benefits	153,517	246,218
Contract liabilities	271,774	349,844
Total current liabilities	812,134	1,064,398
Borrowings	11,007	31,383
Lease Liabilities	-	92,086
Employee benefits	80,121	78,675
Provisions	12,000	12,000
Contract liabilities	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
Equity		
Issued capital	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

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

	2024 \$'000	2023 \$'000
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	(20,707)	(13,356)
Interest received	-	4,242
Payments for R&D	-	(3,814)
Net cash used in operating activities	(1,356,088)	(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	(565,613)	(828,698)
Net cash used in investing activities	(581,141)	(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	(140,149)	(215,352)
Repayment of other short-term loans	(160,000)	-
Repayment of chattels and mortgages	(18,371)	(8,556)
Repayment of right of use lease liabilities	(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 at the beginning of the year	789,652	2,140,174
Cash and cash equivalents at the end of the year	325,650	789,652

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

	Issued capital \$	Predecessor accounting 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 after income tax expense for the year	-	-	-	-	(3,033,883)	(3,033,883)
Total comprehensive loss for the year	-	-			(3,033,883)	(3,033,883)
<i>Transactions with owners in their capacity as owners</i>						
Contributions of equity, net of transaction costs	1,551,369	-	-	-	-	1,551,369
Transfer to accumulated losses on expiry of options	-	-	(882,620)	-	882,620	-
Share-based payment transactions	-	-	436,197	-	-	436,197
Balance on 30 June 2023	7,204,024	(8,674)	59,306	-	(5,825,767)	1,428,889
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)
<i>Transactions with owners in their capacity as owners</i>						
Contributions of equity, net of transaction costs	1,623,907	-	-	-	-	1,623,907
Transfer to accumulated losses on expiry of options	-	-	(144,165)	-	144,165	-
Transfer to accumulated losses on expiry of pre- Acquisition losses	-	-	332,682	-	(332,682)	-
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

Loss from Ordinary Activities

The loss from ordinary activities before income tax includes the following items of revenue and expenditure:

	2024 \$	2023 \$
Revenue		
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
Other income		
Research and development tax incentive	174,917	80,380
Finance income	4,670	4,242
	179,587	84,622
Personnel expenses		
Directors' and key management personnel ⁽¹⁾	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 – staff ⁽¹⁾	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
Total personnel expenses	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

Commentary on Results

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.

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.

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.

Financially, 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 effectiveness 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 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.

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.

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

Performance Shares

Grant date	Expiry date	Number of performance rights
24-Aug-23	30-Jun-25	2,000,000

Shares under option

The following options to subscribe for fully paid ordinary shares are outstanding at balance date:

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

Net tangible assets

	2024	2023
Net tangible (liabilities) / assets per ordinary share (cents)	(12.14)	42.32

Loss per share

	2024	2023
Basic and diluted loss per share (cents) *	(1.42)	(3.55)
Weighted average number of ordinary shares outstanding (number)	162,350,496	85,359,551

* As the Group is in a loss position diluted EPS is the same as basic EPS.

Operating segments

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 Maker (“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, collecting customer data, processing this information, and delivering outcome reports. This includes technology research and development, RPAS services and its virtualplant Visual Twin software products, and services to 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.

Loss of control over entities

N/A

Accounting standards

The financial report is prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for, for-profit entities. This report also complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Other than the disclosures made within this report, there are no other factors which have affected the results in the year, or which are likely to affect the results in the future.

Audited Financial Report

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report.

The Preliminary Final Report is unaudited and contains disclosures which are extracted and derived from the Annual Financial Report for the year ended 30 June 2024. The Annual Financial Report is in the process of being audited.

Authorised on behalf of the RemSense Technologies Limited Board of Directors by Warren Cook, Managing Director

A handwritten signature in blue ink, appearing to be 'W. Cook', is positioned above the date.

30 August 2024