Quarterly Report

Activities Report for the Quarter ended
31 December 2017

sensennetworks®
Making Cities Smarter

HIGHLIGHTS

- *After successfully raising $A6.5 million, SNS listed on the ASX on 18 October 2017*
- *Unaudited Revenue for H1 2018 up by over 250% (pcp) to $1.798 million*
- *Announced new contract wins in Singapore and Canada and participation in numerous Proof of Concept trials which may lead to full contracts*
- *'Smartest Company in the World' NVIDIA selected SenSen as a 'Metropolis' partner for its global Smart Cities platform*
- *SenSen is a winner in 2018 Smart 50 Awards as one of the world's "50 most transformative smart projects" to be received on 26th March 2018.*

Trading on the ASX

On 18 October 2017, SenSen Networks Limited ("SenSen", "SNS" or "the Company") announced that it had re-commenced trading on the ASX, after successfully raising A$6.5m from new and existing institutional and retail shareholders. On the first day of trading the share price briefly doubled to $0.20, before finishing the trading session 70% up on its re-listing price of $0.10 and since then, the stock has traded as high as $0.255.

Financial Performance

Unaudited Revenue for H1 2018 was up by over 250% on the previous corresponding period to $1.798 million (as at 31 Dec 2017).

Revenues consisted of a combination of both new client contracts and existing recurring revenue from customers in Australia and overseas, with the biggest contribution occurring in the last quarter. This trend is expected to continue over the next half with revenue expected from both a strong pipeline of new potential clients and recurrent revenue from software as a service (SaaS) licence arrangements with existing clients.

Intelligent Transport Systems ("ITS")

Singapore:

On 11 December 2017, SenSen announced it had signed a new 'Changi Airport Video Content Analysis' multi-year contract to provide airport safety analytics at Singapore's Changi Airport, one of the busiest transport hubs in Asia. This involves video surveillance and tracking analytics around traffic movements and crowd control among other key metrics.

The new contract commenced in December 2017, and will generate initial revenue of ~A$123,000 for SenSen in FY18 for systems, software licensing and commissioning.

This contract follows the Company's multi-year contract to monitor parking and traffic at Changi Airport which was announced and commenced in October 2017, and will generate an initial upfront payment of A$200,000 for SenSen in FY18 for systems, software and commissioning, and then recurring revenue of approximately A$30,000 per annum for the following four years (from FY19 – FY22) for the software licence and maintenance of the systems.

Since late 2014, with the launch of its Smart Nation program, Singapore has been committed to becoming a "*smart city*". SenSen, working with Singapore's Land Transport Authority ("LTA"), already has more than 350 cameras equipped with its software monitoring for illegal and unsafe traffic behaviour in the Singapore CBD.

Calgary, Canada:

Just prior to the start of the last quarter, on 22 September 2017, SenSen announced it had signed a 5-year agreement with the City of Calgary, Canada, to monitor its streets and parking zones for parking violations. This will generate A$1.3 million in revenue in FY18 and approx. A$290,000 per annum from FY19 – FY22 for both fixed and mobile Licence Plate Recognition ("LPR") systems supplied by SenSen. Since then, the City of Calgary has expressed an interest in extending its contract to add additional systems and new services including SenSen's award-winning sign audit solution SenSIGN. Additional revenues are expected to follow.

NSW Roads and Maritime Services ("RMS"):

On 6 July, SenSen announced that it had been admitted to the new Roads and Maritime Services panel for Supply, Installation, Maintenance and Certification Services of Detection and Enforcement Camera Systems. Although the panel is not exclusive, based on previous financial performance it is anticipated that this extension could generate revenues of approximately $A2 million over the course of the three years.

SenSen is currently working with RMS on finalising the plans for the deployment of the systems and testing and validating new integration requirements shared by them. The new system roll-outs are likely to commence in FY2019.

Proof of Concept ("POC") Trials:

On 11 December 2017, the Company announced that it was participating in numerous POC trials in various jurisdictions around the globe, both directly and through its channel partners. These trials are progressing well and upon successful completion of these trials and the awarding of contracts to SenSen, the Company will further update shareholders.

Existing City Council Clients:

SenSen has in place a number of software licensing arrangements with City Councils both in Australia and overseas which are expected to provide a recurring revenue stream going forward.

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Gaming

On 11 December 2017, the Company announced the release of SenGAME 3.0 that can deliver up to 100% accuracy on bet detection, bet value estimation, occupancy on tables and related metrics using cameras embedded in low-cost Android phones. The software was developed in collaboration with Crown and addresses a long-standing issue for casinos globally. A new patent covering these latest inventions was lodged to secure the Intellectual Property (IP) for SenSen.

Corporate

New Verticals:

While SenSen's business focus is currently on the ITS and Gaming verticals, a number of opportunities are progressing in the retail and security sectors. The Company already has systems in a number of Australian shopping centres and overseas airports, and further development of the SenDISA platform is resulting in participation in a range of POC trials from policing activities to driving sales growth for retailers.

SenSen continues to establish its position as a disruptive leader in the evolution of Smart Cities by being recognised for its provision of Artificial Intelligence based Video-IoT data driven analytic solutions to increase civic compliance, public safety and economic development:

NVIDIA partnership:

On October 2017, SenSen announced that US artificial intelligence chip maker NVIDIA, ranked as the '*Smartest Company in the World*' by industry publication MIT Technology Review, had selected SenSen as one of the foundation companies for its global Metropolis Software Partner Program (a platform of software providers with the ability to meet the needs for rapid adoption of AI and deep learning for Smart Cities worldwide).

Visit http://www.nvidia.com/object/metropolis-software-partners.html for more information.

Cities 4.0 Summit:

SenSen is the Platinum Sponsor and CEO, Subhash Challa, is a keynote speaker at Australia's most innovative smart cities event, to be held 20-22 March in Melbourne. The Cities 4.0 Summit is a high-level gathering that brings together city leaders, innovators, entrepreneurs, CEOs, investors and thinkers to discuss strategy, technology and innovation for smarter cities and communities.

Visit http://www.cities4pointzero.com.au/ for more information.

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2018 Smart 50 Awards Recipient:

As announced post reporting date, on 23 January 2018, SenSen won a "2018 Smart 50 Award" for "Intelligent Video Analytics in Singapore and at Changi Airport" in the Mobility Category. The Smart 50 Awards honour the 50 most transformative smart projects each year across the globe, and recognize the most innovative and influential work.

Visit http://smartcitiesconnect.org/smart-50-awards-finalists-announced/ for more information.

For further information, please contact:
David Smith, Executive Director and Company Secretary
Email: info@sensennetworks.com

About SenSen Networks Limited
SenSen is focused principally on the development, commercialisation and supply of innovative, data-driven business process enhancement solutions, designed to assist customers in their business operations and significantly improve business efficiency and productivity.
SenSen provides video analytics and artificial intelligence data analytics software solutions to customers in the intelligent transportation systems and gaming sectors located in Australia, Canada, Europe, India, Singapore and UAE.

Disclaimer – Forward looking statements
This release may contain forward-looking statements. These statements are based upon management's current expectations, estimates, projections and beliefs in regards to future events in respect to SenSen's business, the industry in which it operates. These forward looking statements are provided as a general guide and should not be relied upon as an indication or guarantee of future performance. The bases for these statements are subjected to risk and uncertainties that might be out of control of SenSen Networks Limited and may cause actual results to differ from the release. SenSen Networks Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SENSEN NETWORKS LIMITED

ABN	**Quarter ended ("current quarter")**
67 121 257 412	December 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	348	348
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(331)	(331)
	(c) advertising and marketing	(19)	(19)
	(d) leased assets		
	(e) staff costs	(557)	(573)
	(f) administration and corporate costs	(354)	(621)
1.3	Dividends received (see note 3)		
1.4	Interest received	26	26
1.5	Interest and other costs of finance paid	(36)	(36)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		18
1.9	**Net cash from / (used in) operating activities**	**(923)**	**(1,188)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	6,500	6,500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(990)	(990)
3.5	Proceeds from borrowings	-	170
3.6	Repayment of borrowings	(1,052)	(1,052)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	15
3.10	**Net cash from / (used in) financing activities**	**4,458**	**4,643**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	9	89
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(923)	(1,188)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,458	4,643

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**3,544**	**3,544**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,544	9
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	3,544	9

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	144
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors salaries including an amount of $57k which was due from previous periods.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	96
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Payments to SenSen VBI, a 100% subsidiary of the group which provides technology development services. These payments are to cover salary of Indian employees.

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	725	450
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	338	338

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loans

Cashflow facility and credit cards available from Commonwealth Bank

Other

Historic directors loans which can be paid off through equity grants within the next 12 months. See prospectus for details.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Research and development*	-
9.2	Product manufacturing and operating costs	(263)
9.3	Advertising and marketing	(35)
9.4	Leased assets	-
9.5	Staff costs	(679)
9.6	Administration and corporate costs	(180)
9.7	Other (acquisition costs)	-
	Other (loan repayments)	-
9.8	**Total estimated cash outflows**	**(1,159)**

*R&D Tax Incentive of $475k to be received during the next quarter as a cash inflow.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... (Director/Company secretary) Date: 29 January 2017

Print name: David Smith

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. The cash flow presented in this document is based on the legal structure of the group and this may be different to the cash flows presented in the financial statements as the financial statements will be prepared under Australian Accounting Standards applicable to reverse acquisitions where the accounting parent is considered Sensen Networks Pty Ltd.