

Quarterly Report

Activities Report for the Quarter ended
30 June 2018



HIGHLIGHTS

- *Achieved record revenue in FY18, up ~100% to a record A\$4.04 million (unaudited)*
- *Secured contract with City of Edmonton for mobile and fixed units using SenFORCE, SenSen's vehicle licence plate recognition solution, worth ~CAD\$1.94M (~AUD\$2.01M)*
- *Edmonton is SenSen's second Smart City customer in Canada, and third in the North American market; SenSen continues to execute global expansion strategy*
- *Brisbane City Council ordered additional systems and services under the "Suburban Safety Mobile Technology Solution" (SSMT) contract worth A\$800k+*
- *\$5 million raised in an oversubscribed placement supported by domestic and offshore institutions and existing sophisticated investor shareholders*
- *Sound balance sheet with ~A\$6.5 million in cash and strong revenue growth expected to continue in 2019*

Leading Artificial Intelligence solution provider SenSen Networks Limited (ASX: SNS, "SenSen" or "the Company") is pleased to provide an update on its activities for the quarter ended 30 June 2018.

Financial Performance

Revenue doubled in FY18

In July 2018, SenSen announced that it had generated record, unaudited sales revenue for FY 2018 of a minimum of A\$4.04 million. The unaudited revenue result for H2 2018 was up by more than ~62% on the previous corresponding period to A\$2.24 million (as at 30 June 2018).

The FY 2018 revenues consisted of a combination of both new client contracts and existing recurring revenue from customers in Australia and overseas, with the biggest relative contribution occurring in the final quarter, during which the Company earned A\$1.189 million in cash receipts from customers and A\$1.982 million in revenue. Major contributors to the revenue number for FY 2018 were from previously announced major contract wins over the last financial year.

The Company expects this positive trend to continue in the financial year ahead, with growing revenues expected from both a strong pipeline of new potential clients and recurrent revenue in both the Intelligent Transportation Systems (ITS) and Gaming sectors, as well as from software as a service (SaaS) licence arrangements with existing clients.

To help facilitate the expected continuing revenue growth in FY19, and since completing the A\$5 million capital raising in May 2018, SenSen has been proactively engaged in business development and marketing activities domestically and overseas, including the identification of a number of high-quality individuals who will represent SenSen in the jurisdictions where SenSen is aggressively growing its global footprint.

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These experienced business development professionals will work proactively with the Company's distribution partners and directly engage with SenSen's target City Council and Casino customer list to drive new high-value contracts.

Furthermore, with the ability to now more rapidly deploy projects with larger up-front and project development costs, additional higher-revenue ITS and Casino contracts are planned for 2019.

Intelligent Transportation Systems ("ITS")

A\$2M Multi-Year Contract with the City of Edmonton

During May 2018, SenSen secured a ~CAD\$1.94M (~A\$2.01M) multi-year contract with the City of Edmonton, Canada.

Commencing in late May 2018, the contract covers Edmonton's purchase of five SenFORCE mobile parking enforcement units and 19 fixed systems for four Council car parks. Upfront revenue for the systems, software and commissioning is more than A\$1 million.

For the software licence and maintenance of the mobile and fixed systems, SenSen will also earn annual recurring revenues totaling ~CAD\$970,418 (~AUD\$1,003,742) from 2019-2022, under the five-year term of the contract.

As a proven Smart City, the City of Edmonton is a world leader in using technology and innovation to improve municipal services, from public safety to public works to transit, all aimed at providing an exceptional quality of life for its citizens.

The City of Edmonton gained international attention for its Smart City efforts in 2017, when its Open City Initiative received the Gold Prize in the Open City category of the WeGO Smart Sustainable City Awards, which recognise and promote outstanding information and communications technology, e-Government and Smart City innovation.

Edmonton was recognised as one of the Top 7 Intelligent Communities awarded by the Intelligent Community Forum. Other cities on the list included: Chiayi City, Taiwan; Grey County, Ontario, Canada; Ipswich, Queensland, Australia; Melbourne, Victoria, Australia; Moscow, Russia; and Taoyuan, Taiwan. SenSen is already partnering with Ipswich, Melbourne and now Edmonton in providing its world-leading Smart City-related solutions, powered by the Company's advanced data analytics software.

Brisbane City Council Orders Additional Services from SenSen

Also during May 2018, SenSen received new orders from Brisbane City Council ("BCC") for additional services under the "Suburban Safety Mobile Technology Solution" (SSMT) contract signed with SenSen in February 2017.

The additional services ordered by BCC include SenSIGN (Sign Audit Solution) and SenFORCE (automated mobile parking enforcement solution). Both solutions use highly efficient

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vehicle-mounted systems fitted with cameras, high-accuracy GPS and SenSen software.

The additional services amount to a minimum total value of A\$819,000 including upfront revenue of A\$339,000 for the software, hardware and professional services, much of which will be recognised in FY18.

SenSen will also earn recurring revenues of A\$120,000 per annum (FY19 - FY22) for software licence and maintenance. Additional variable fees from these orders will also be realised.

Gaming

FY18 revenue includes A\$1,030,335 from Crown, now recognisable on the successful completion of User Acceptance Testing.

SenSen is continuing its strategy of focused marketing efforts for SenGAME 3.0 to accelerate adoption by casinos globally. SenSen has showcased the software to leading industry players, gaining a positive response at G2E Asia in May 2018.

Already several prospective customers in Australia, Singapore and Macau are evaluating the product for its suitability within their respective operating environments following SenSen's roadshow visiting casinos to demonstrate the software earlier in 2018.

Corporate

Completion of A\$5M Placement

In May 2018, SenSen completed a share placement of 34.48 million shares to raise A\$5 million. The Placement was conducted at an issue price of A\$0.145, representing a 9.4% discount to SenSen's last closing price of A\$0.16, and a 13.3% discount to the 5-day volume weighted average price ("VWAP") of A\$0.1673.

The Placement was oversubscribed and supported by domestic and offshore institutions and existing sophisticated investor shareholders. BW Equities acted as Lead Manager to the Placement.

SenSen is deploying funds from the Placement to assist in business development and marketing activities domestically and overseas, toward up-front and ongoing project development costs, and to facilitate faster deployment of higher-revenue ITS and Casino contracts.

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For further information, please contact:

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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.

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+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

67 121 257 412

Quarter ended ("current quarter")

June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,189**	2,116*
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(630)	(1,513)
(c) advertising and marketing	(84)	(171)
(d) leased assets		
(e) staff costs	(801)	(2,066)
(f) administration and corporate costs	(543)	(1,638)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	34
1.5 Interest and other costs of finance paid	(13)	(59)
1.6 Income taxes paid	15	(202)
1.7 Government grants and tax incentives		712
1.8 Other (provide details if material)		18
1.9 Net cash from / (used in) operating activities	(863)	(2,769)

*Cashflows prior to the listing date at 18 October 2017 totalled \$475k and are not included in the YTD total above.

** received a further \$170k of receipts from customers in early July.

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(30)	(130)
(b) businesses (see item 10)		
(c) investments		
(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	(30)	(130)
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	5,000	11,500
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	(357)	(1,347)
3.5 Proceeds from borrowings		170
3.6 Repayment of borrowings		(1,052)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.9	Other (provide details if material)		15
3.10	Net cash from / (used in) financing activities	4,643	9,286

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	2,726	89
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(863)	(2,769)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	(130)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,643	9,286
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	6,476	6,476

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	6,476	2,726
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)	6,476	2,726

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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	112
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	

Comprises payments to 4 directors.

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	114
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 <i>Add notes as necessary for an understanding of the position</i>		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 will be paid off through equity grants by 18 October 2018.
See prospectus for details.

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs*	(342)
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	(820)
9.6	Administration and corporate costs	(297)
9.7	Other (acquisition costs)	-
	Other (loan repayments)	(30)
9.8	Total estimated cash outflows	(1,589)

*Please note that these costs relate to billable contracts and are incurred before receipts from customers invoiced are received. Most of SenSen's customers are city councils and government bodies who tend to have 60 day payment terms.

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: 23 July 2018

Print name: David Smith

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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.