

Quarterly Report



Activities Report for the Quarter ended
30 September 2019

31 October 2019

HIGHLIGHTS

Corporate

- SenSen recorded its best cashflow quarter since listing
 - A\$1.325 million in cash receipts during the September quarter, a 50% uplift compared to the same quarter last year.
 - Net cash outflow of A\$685k was the company's lowest ever for a quarter.
- Cash Position
 - ~ A\$1.3 million at 30 September 2019.
 - ~ in addition, A\$1.0 million working capital loan, a low-interest facility, is in place provided through related parties of long-term SenSen strategic investor, Speedshield Holdings.
- Strategic operational efficiency and cost structure management initiatives from 1 March 2019 have generated ~A\$600k in savings and are set to continue.
- December Quarter cash inflows of ~A\$1.7M expected to largely meet anticipated net operating cash outflows for the quarter. The cash inflows are expected from
 - contracted recurrent revenues;
 - delivery and execution of existing customer orders; and
 - receipt of R&D grant.
- Current contracted orders for FY2020, being executed worldwide:
 - \$3.174 million constituting of
 - \$2.89 million from Smart Cities market; and
 - \$284k from the Retail & Leisure market
 - This result is ~85% of entire FY2019 revenues with three quarters remaining in FY2020.
- Significant pipeline in both verticals (Smart Cities, Retail & Leisure) is established based on sales and marketing activities undertaken over the last 12 months plus improvements in the conversion ratio and reduced time to market. As an example, SenSen has acquired one high-value Smart City customer every month since June 2019, adding to growing upfront and recurrent revenues.
- As a sign of our commitment to the growing US market, SenSen appointed respected IT executive and technologist Anil A. Kumar as Director Operations based in Los Angeles. Apart from extensive experience as an electrical and networking engineer, Anil brings skills in blockchain and peer-to-peer platforms. Anil previously held senior management positions at Ericsson, Occam Networks and CA Calix.

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- Release of shares from escrow: In October 2019, SenSen advised, in accordance with ASX Listing Rule 3.10A, that 227,976,551 Ordinary Shares were released from escrow on 18 October 2019. These Ordinary Shares (representing approximately 54.06% of the Company's shares) were not previously quoted on the ASX.
- Notice of Annual General Meeting: In October, the Company announced that its 2019 Annual General Meeting will be held at 2pm AEDT on Friday, 29 November 2019 at SenSen Networks Limited, Level 1, 9 Harper Street, Abbotsford, Melbourne VIC 3067 Australia.

Smart Cities Market Update

- SenSen has signed its first US customer contract with Chicago Parking Meters (CPM) to deliver solutions for improving parking space management efficiency in the City of Chicago.

In late October 2019, Sensen entered into a collaborative services agreement (**Contract**) with Chicago Parking Meters LLC (www.parkchicago.com) to assist CPM improve parking space management efficiency in the City of Chicago using a combination of products, solutions and extensions. In this project, SenSen will use a combination of solutions to collect on-street data related to parking signs in and around metered parking spaces. This will facilitate digitisation of CPM's metered parking spaces and signage.

Commenting on the collaboration with CPM, SenSen CEO Subhash Challa said:

"This is a watershed milestone for SenSen as we progress our global expansion strategy. Chicago is a flagship city in the US, and CPM has set the international benchmark for how it manages a city's on-street parking. We are very excited to be working with CPM to assist in further enhancing the parking space management efficiency."

CPM CEO, Dennis Pedrelli described the SenSen project in the following terms:

"CPM is impressed with SenSen's solutions and capabilities. We are excited to explore their AI solutions to further improve the on-street parking experience which already includes Flowbird's state-of-the-art pay boxes, Passport-powered ParkChicago mobile payment system and ParkChicagoMap. We look forward to rolling out the next stage of technology with SenSen."

- Additional large US Smart City customers are in the pipeline.

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- Accelerating sales in Australia for SenForce and SenSign Solutions:
 - SenSen continued its success with Australian city councils – expanding footprint to Victoria and New South Wales with first customer wins in both states.
 - SenSen signs multi-year contracts with City of Geelong in Victoria and Tweed Shire Council, NSW, in partnership with Duncan Solutions.
 - These wins are on the back of recent multi-year contract wins with City of Cairns and City of Gold Coast via Duncan Solutions.
 - Gold Coast and Geelong City Councils ordered additional services on top of contracts for Sign Audit to support their SenForce production roll outs.
 - Existing customer Logan City Council ordered an additional SenForce vehicle to add to its existing vehicle in operation.
 - A new marketing video on SenForce and Capabilities is released and is available online at <https://youtu.be/JAYETbENIVk>
- SenSen received first international orders for three fast-moving new products generating upfront and recurring software license fees:
 - **AI-FARM:** AI-powered False Alarm Reduction and Management software was sold to the first major international customer in Singapore delivering both upfront software license and ongoing yearly maintenance and professional services revenues. This adds to the recurring revenue currently being generated from our first customer, Brisbane City Council.
 - **Gemineye:** The smartphone-based AI platform for Smart Cities received orders from our partner Parkplus for customers in Canada (10 units) and Qatar (12 units) for rapidly deployable vehicle-counting solution for car parks. This will generate both upfront and recurring revenues for the company. Gemineye's market penetration is accelerating across Australia, New Zealand, Thailand, Singapore, UAE, Europe, Canada and USA.
 - **Automated Privacy Masking Software:** First Software-as-a-Service (SaaS) order from Calgary Parking Authority to automatically mask people's faces from images captured for enforcement purposes. This automated privacy masking solution is expected to become a global requirement due to adoption of privacy laws worldwide, as already seen with General Data Protection Regulation laws in Europe. As a starting point, this product will generate monthly SaaS revenue for the company in North America.
 - Further marketing initiatives are planned to accelerate sales for these products. Gemineye capabilities that are disrupting world markets can be viewed online at https://youtu.be/dFtfvJ_UXRU

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- SenSen has continued to expand its footprint in Singapore with orders received from:
 - ATT Systems Group (ATT) to provide software maintenance services for an additional 78 cameras in Singapore. SenSen already provides software maintenance services for 258 cameras in the Singapore CBD and the additional order brings the total number of cameras under software maintenance to 336.
 - Beaqon Systems to provide software maintenance services for video analytics solutions at Changi International Airport. SenSen won the contract to deliver Video Content Analysis to the airport via our partner Beaqon systems in FY2019 and the new order will maintain the software supplied under the original contract.
 - A major global technology, defence and engineering group based in Singapore has contracted SenSen for our ground-breaking new product AI-FARM. The agreement underpinning the international commercial order is for a period of four years commencing in January 2020. The contract is significant to SenSen as it represents an additional product line into Singapore and is the first international order for AI-FARM following our domestic engagement with Brisbane City Council.

Retail & Leisure Market Update

- On 15-17 October 2019, SenSen attended the annual G2E Global Gaming Expo at Las Vegas, partnering with NRT Technology Corp. (www.nrttech.com) and showcasing SenGAME's capabilities integrated with NRT's analytics and table management system (VL Pro), which was recently awarded the Gold Medal by Global Gaming Business Magazine for Best Table-Game Product or Innovation (<https://ggbmagazine.com/article/18th-annual-ggb-gaming-technology-award-winners/>).
- NRT is a global technology leader in the design and development of next-generation enterprise payment systems, specialised self-serve financial/marketing kiosks, digital table game platforms, big data analytics utilising artificial intelligence and gamification, credit marker information services, and digital and mobile experiences to casinos, lotteries, banks and ATM operators around the globe.
- The integrated product was well received by casino customers showing great interest in the combined NRT/SenSen solution, including bet recognition capabilities and recognising the value of real-time data within their properties.
- SenSen and NRT are currently in discussions regarding POC deployments.
- Several other paid trials with casinos in Asia-Pacific are progressing well and are expected to convert into large table rollouts in coming quarters.

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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, Singapore, Europe, India, 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 and 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.

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	September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,325	1,325
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(327)	(327)
(c) advertising and marketing	(7)	(7)
(d) leased assets		
(e) staff costs	(968)	(968)
(f) administration and corporate costs	(674)	(674)
1.3 Dividends received (see note 3)		
1.4 Interest received	8	8
1.5 Interest and other costs of finance paid	(13)	(13)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(21)	-
1.9 Net cash from / (used in) operating activities	(677)	(677)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(8)	(8)
(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	(8)	(8)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
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		
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

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	2,002	2,002
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(677)	(677)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,317	1,317

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	542	542
5.2	Call deposits	775	775
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)	1,317	1,317

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	141
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 5 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	-
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	

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	1,275	770
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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 of \$775k available from Commonwealth Bank of which \$450k is currently drawn down. Related parties of CEO Subhash Challa have executed an arms-length loan arrangement in the sum of A\$500k, at a low 4.95% interest rate of which \$320k is currently drawn down.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs*	(60)
9.3 Advertising and marketing	(25)
9.4 Leased assets	-
9.5 Staff costs	(985)
9.6 Administration and corporate costs	(476)
9.7 Other (acquisition costs)	-
Other (loan repayments)	-
9.8 Total estimated cash outflows	(1,546)

*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: 31 October 2019

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.