ASX PRELIMINARY FINAL REPORT

SenSen Networks Limited

And Controlled Entities

ABN 67 121 257 412

30 June 2020

Lodged with the ASX under Listing Rule 4.3A

Contents

Results for Announcement to the Market	2
Preliminary Consolidated Statement of Profit and Loss and Other Comprehensive Income	4
Preliminary Consolidated Statement of Financial Position	5
Preliminary Consolidated Statement of Changes in Equity	6
Preliminary Consolidated Statement of Cash Flows	7
Supplementary Appendix 4E Information	8

This report covers the consolidated entity consisting of SenSen Networks Limited and its controlled entities. The preliminary financial report is presented in Australian dollars.

SenSen Networks Limited Year ended 30 June 2020

Details of the reporting period

Current period: 12 months ending 30 June 2020 (FY20) **Prior period: 12 months ending 30 June 2019 (FY19)**			
RESULTS FOR ANNOUNCEMENT TO MARKET			
		2020 $	**2019 $**
Revenue from ordinary activities	Up 1% to	**3,763,526**	3,727,414
Loss from after tax attributable to members	Down 26% to	**(3,887,684)**	(5,277,798)
Total comprehensive loss for the year attributable to owners	Down 31% to	**(3,726,059)**	(5,400,622)

Dividends

There were no dividends paid or proposed for the period. The Group does not have a dividend re-investment plan.

Commentary on the results for Financial Year 2020

SenSen Networks Limited achieved a revenue result of $3.76M for FY2020. This is a slight increase on the FY2019 result of $3.73M.

SenSen also improved its year on year cash position, after recording its highest ever quarterly customer cash receipts of $1.430M in the June 2020 Qtr, a 150% increase over the previous corresponding period ($572K in June 2019 Qtr) and an 89% increase over the March Qtr ($755K). SenSen finished FY2020 with a cash position of $2.46M, a 25% increase on the FY2019 cash position of $1.97M. This result was achieved without COVID-19 related government support.

SenSen's annual recurring revenue (ARR) profile continues to grow strongly with many of its existing customers ordering more software and services from SenSen. In line with our expectations, ARR from SenSen's government and blue-chip corporate customers continued to grow significantly with ARR also up ~33% to ~$2M in FY2020, from ~$1.5M in FY2019. Looking ahead, as previously advised, ARR is estimated to grow even more strongly in FY2021, in the order of ~75% to ~$3.5M.

This recurring revenue will be comprised of contributions from a geographically diversified group of blue-chip Smart City customers including: City of Calgary and City of Edmonton in Canada; ATT Systems, Beaqon and ST Electronics in Singapore; City of Las Vegas in the US; Brisbane City Council, City of Gold Coast Council, Cairns Regional Council, Logan City Council, Ipswich City Council, in Queensland, Australia; Transport for NSW and Tweed Shire Council in NSW, Australia; City of Greater Geelong in Victoria, Australia; and, Global Parking Solutions and ImperiumIQ in New Zealand. SenSen will also receive additional orders for SenGAME 3.0 from our casino customers under existing arrangements.

SenSen's prudent cost-cutting measures continued in FY2020, including across-the-board 20% reduction in salaries, and reductions in sales, marketing, travel, office and IT costs. This strategy continues to be implemented and together with cash flow generated from contracted revenues, an operating cash flow positive outcome is expected to be achieved by the Company in FY2021.

With confirmed overall contracted revenues of ~$5.6M for FY2021, SenSen also expects that it is likely to be profitable in the current financial year. Additional contract wins and revenue from other sources, including increasing sales demand for SenSen's Gemineye offering, is expected in FY2021 and this will further enhance SenSen's profitability.

In FY2020, SenSen did not experience any material interruptions or delays to customer deliveries and support due to COVID-19, highlighting SenSen's excellent execution capabilities, even while 90% of staff are working remotely.

SenSen continued to invest in its R&D pipeline in FY2020, filing additional patents to consolidate its technical leadership position within the global AI, IoT and Video Analytic solutions space. More patent applications are in the pipeline with strong progress in developing innovative and patentable products and solutions in both Smart City and Casino Gaming applications, including technology solutions relevant to COVID-19 related applications, such as monitoring of social distancing measures. Additionally, SenSen and the University of Melbourne successfully attracted a prestigious research grant from the Australian Research Council (ARC) to develop more accurate and efficient methods to digitise smart city assets. ARC is providing $370K and SenSen is providing $240K to support the three-year collaborative project with both organisations committing additional in-kind resources.

Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Revenue from contracts from customers			
Sales Revenue		3,763,526	3,727,414
Cost of Sales		(997,047)	(2,080,258)
Gross Profit		2,766,479	1,647,156
Other income		1,538,587	940,496
Interest income		18,493	15,960
Expenses			
Consulting expense		(1,364,409)	(897,651)
Research and development expense		(2,898,462)	(2,757,438)
Staff costs – share based payments		(290,405)	(1,287,967)
Occupancy expense		(170,687)	(123,723)
Marketing expense		(98,207)	(342,425)
Administration expense		(3,216,048)	(2,320,212)
Finance costs		(156,442)	(15,466)
Loss before income tax		**(3,871,101)**	**(5,141,270)**
Income tax expense		(16,583)	(136,528)
Loss for the period		**(3,887,684)**	**(5,277,798)**
Loss attributable to members of the parent entity		(3,887,684)	(5,277,798)
		(3,887,684)	**(5,277,798)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain/(loss) on translation of foreign controlled entities		161,625	(122,824)
Total comprehensive income/(loss) for the period		**161,625**	**(122,824)**
Total comprehensive loss for the period attributable to:			
- Members of the parent entity		**(3,726,059)**	**(5,400,622)**
Loss per share:			
Basic and diluted loss per share (cents)	7	**(0.89)**	**(1.27)**

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Financial Position
As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents		2,462,642	1,972,205
Trade and other receivables	10	743,703	735,811
Contract assets		558,169	234,886
Inventory		802,908	-
Other assets		138,310	117,215
Total Current Assets		**4,705,732**	**3,060,117**
Non-Current Assets			
Right of use Asset		386,672	-
Other receivables		53,338	56,190
Property, plant and equipment	11	352,911	474,205
Deferred tax assets		(2,823)	-
Total Non-Current Assets		**790,098**	**530,395**
TOTAL ASSETS		**5,495,830**	**3,590,512**
LIABILITIES			
Current Liabilities			
Trade and other payables	12	1,094,691	1,463,987
Deferred Tax liabilities		1,510	1,509
Contract liabilities	12	1,399,926	281,837
Other liabilities	12	534,830	42,429
Borrowings	13	1,312,767	1,324,667
Total Current Liabilities		**4,343,724**	**3,114,429**
Non-Current Liabilities			
Lease liabilities		432,166	-
Total Non-Current Liabilities		**432,166**	**-**
TOTAL LIABILITIES		**4,775,890**	**3,114,429**
NET ASSETS		**719,940**	**476,083**
EQUITY			
Issued capital	14	33,159,693	29,463,614
Reserves	15	3,662,659	3,210,629
Accumulated losses	3	(36,102,412)	(32,198,160)
TOTAL EQUITY		**719,940**	**476,083**

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2020

	Issued Capital	Accumulated Losses	Reserves	Total Equity
Consolidated	**$**	**$**	**$**	**$**
Balance at 1 July 2018	**28,731,865**	**(26,920,362)**	**2,045,486**	**3,856,989**
Loss for the period	-	(5,277,798)	-	(5,277,798)
Other comprehensive loss for the period	-	-	(122,824)	(122,824)
Total comprehensive loss for the period	**-**	**(5,277,798)**	**(122,824)**	**(5,400,622)**
Transactions with owners in their capacity as owners				
Shares issued during the year	731,749	-	-	731,749
Share Based Payments	-	-	1,287,967	1,287,967
Total transactions with owners for the period	**731,749**	**-**	**1,287,967**	**2,019,716**
Balance at 30 June 2019	**29,463,614**	**(32,198,160)**	**3,210,629**	**476,083**
Effect of Adoption of AASB16 (see Note 1)	-	(16,568)	-	(16,568)
Balance at 1 July 2019	**29,463,614**	**(32,214,728)**	**3,210,629**	**459,515**
Loss for the period	-	(3,887,684)	-	(3,887,684)
Other comprehensive income for the period	-	-	161,625	161,625
Total comprehensive loss for the period	**-**	**(3,887,684)**	**161,625**	**(3,726,058)**
Transactions with owners in their capacity as owners				
Shares issued during the year	3,329,412	-	-	3,329,412
Historical Loan Conversion to Equity	366,667	-	-	366,667
Share Based Payments	-	-	290,405	290,405
Total transactions with owners for the period	**3,696,079**	**-**	**290,405**	**3,986,484**
Balance at 30 June 2020	**33,159,693**	**(36,102,412)**	**3,662,659**	**719,940**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020	2019
		Consolidated	
		$	**$**
Cash flows from operating activities			
Receipts from customers		4,279,899	2,309,253
Payments to suppliers and employees		(8,831,592)	(7,758,165)
Interest received		18,493	15,960
Finance costs		(60,046)	(15,466)
Government grants received		1,447,119	940,496
Taxation		(100,902)	-
Net cash used in operating activities	**16**	**(3,247,029)**	**(4,507,922)**
Cash flows from investing activities			
Purchase of plant and equipment		(99,996)	(396,804)
Net cash used in investing activities		**(99,996)**	**(396,804)**
Cash flows from financing activities			
Proceeds from issue of shares		3,329,265	-
Proceeds from borrowings		598,197	320,003
Repayment of borrowings		(90,000)	-
Net cash provided by financing activities		**3,837,462**	**320,003**
Net increase/(decrease) in cash and cash equivalents		490,437	(4,584,723)
Cash and cash equivalents at beginning of the financial year		1,972,205	6,556,928
Cash and cash equivalents at end of financial year		**2,462,642**	**1,972,205**

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Supplementary Appendix 4E Information

1. Statement of significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by SenSen Networks Limited during the reporting period in accordance with the continuous disclosure requirements of Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The preliminary financial report, comprising the financial statements and notes of SenSen Networks Limited and its controlled entities, complies with the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Where necessary, comparative figures have been adjusted to comply with the changes in presentation in the current period.

The principal accounting policies adopted in the preparation of the preliminary financial report are consistent with those of the previous financial year with the exception of those noted below:

New accounting policies adopted for the first time

The Group applies, for the first time, AASB 16 *Leases.* This accounting policy has changed from that disclosed in the 30 June 2019 financial statements. The impact of the adoption of this standard and the new accounting policy that has been applied from 1 July 2019, where it is different to that applied in prior periods, is disclosed below.

AASB 16 Leases

This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in note 1 below. The group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Nature of the effect of adoption of AASB 16

On adoption of AASB 16, the group recognised right-of-use-assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was rate at an average of 7.9%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. The re-measurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The effect of adopting AASB 16 as at 1 July 2019 (increase/ (decrease)) is, as follows:

	$
Assets	
Right-of-use assets	236,823
Plant and equipment	(60,044)
Total assets	**176,779**
Liabilities	
Borrowings	(54,666)
Lease liabilities	248,013
Total liabilities	**193,347**
Net effect in retained earnings	**(16,568)**

- Right-of -use assets of $236,823 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of $60,044 that were reclassified from plant and equipment.
- Additional lease liabilities of $248,013 were recognised presented separately in the statement of financial position.
- Finance lease liability (included in borrowings) relating to finance leases was derecognised.
- The net effect of these adjustments had been adjusted to retained earnings of ($16,568).

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. The re-measurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The following table reconciles the minimum lease commitments disclosed in the Group's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019

	$
Operating lease commitments disclosed as at 30 June 2019	**653,860**
(Less): Leases commitments entered subsequent to 30 June 2019	(450,000)
Operating lease commitments as at 30 June 2019	203,860
Weighted average incremental borrowing rate as at 1 July 2019	7.9%
Discounted using the lessee's incremental borrowing rate of at the date of initial application	203,186
Add: finance lease liabilities recognized as at 30 June 2019	54,666
(Less): short-term leases recognized on a straight-line basis as expense	(9,839)
Lease liabilities recognized as at 1 July 2019	**248,013**
Of which are:	
- Current lease liabilities	46,171
- Non-current lease liabilities	201,842
Lease liabilities recognized as at 1 July 2019	248,013
Additional lease liability recognized as at 1 September 2019	371,346
Changes in lease liability in the period to 31 December 2019	(59,646)
Changes in lease liability in the period to 30 June 2020	(127,547)
Lease liabilities as at 30 June 2020	**432,166**

The recognised right-of-use assets relate to the following types of assets:

	Consolidated	
	30 June 2020	**1 July 2019**
	$	**$**
Properties	343,957	176,779
Motor vehicles	42,715	60,044
Total right-of-use assets	**386,672**	**236,823**

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and segment liabilities for 30 June 2020 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities.

Losses per share for the twelve months to 30 June 2020 would not materially change as a result of the adoption of AASB 16.

Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Accounting policy for leases

The group leases office leases, and car. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

2. Material factors affecting the economic entity for the current period

The loss of the Group for the financial year after income tax amounted to $3,887,684 (2019: loss of $5,277,798).

An analysis of underlying Adjusted net loss in the current period which is calculated after excluding the effects of costs incurred but not expected to occur in the future is outlined below:

	Consolidated	
	2020	**2019**
	$	**$**
Net loss for the year after tax	**(3,887,684)**	**(5,277,798)**
Share-based payment expense[1]	(290,405)	(1,287,967)
Adjusted Net loss for the year after tax	**(3,597,279)**	**(3,989,831)**

[1]For financial year ended 30 June 2019, share-based payment expense included amounts that were the product of a model-based valuation.

3. Retained Earnings

	Consolidated	
	2020	2019
	$	$
Balance 1 July	(32,214,728)[1]	(26,920,362)
Net loss for the year	(3,887,684)	(5,277,798)
Balance 30 June	**(36,102,412)**	**(32,198,160)**

[1]The Opening balance of Retained Earnings at 1 July 2019 includes an amount of $16,568 in relation to the first-time adoption of AASB 16, Leases. Refer to Consolidated Statement of Changes in Equity for further detail.

4. Additional Dividend Information

There were no dividends paid or proposed during the year (2019: nil).

5. Dividend Reinvestment Plan

The company has no dividend reinvestment plan in operation.

6. NTA Backing

	Consolidated	
	2020	2019
	$	$
Net tangible asset backing per ordinary share	$0.002	$0.006

7. Loss per share

	Consolidated	
	2020	2019
	$	$
Basic loss per share (cents per share)	(0.89)	(1.27)
Diluted loss per share (cents per share)	(0.89)	(1.27)
Loss used in calculating EPS	**(3,887,684)**	**(5,277,798)**
	No.	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**435,573,293**	**416,743,424**
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:	**(3,887,684)**	**(5,277,798)**

8. Share Buyback

The company had no on-market buy back in operation during the year ended 30 June 2020 or the year ended 30 June 2019.

9. Segment information

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

AASB 8 *Operating Segments* states that similar operating segments can be aggregated to form one reportable segment.

The principal areas of operation of the group are as follows:
- Smart Cities
- Retail & Leisure

Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Smart Cities	Retail & Leisure	Consolidated	Smart Cities	Retail & Leisure	Consolidated
	$	$	$	$	$	$
		2020			2019	
Segment performance Revenue						
Sales revenue	3,369,139	394,388	3,763,526	3,686,481	40,933	3,727,414
Other revenue	938,097	618,982	1,557,080	956,456	-	956,456
Total Revenue	4,307,236	1,013,370	5,320,606	4,642,937	40,933	4,683,870
Segment expenses	(6,316,054)	(2,875,652)	(9,191,706)	(8,948,403)	(876,737)	(9,825,140)
Segment result before tax	(2,008,819)	(1,862,282)	(3,871,101)	(4,305,466)	(835,806)	(5,141,270)
Income tax	(16,583)	-	(16,583)	(136,528)	-	(136,528)
Net Loss	**(2,025,402)**	**(1,862,282)**	**(3,887,684)**	**(4,441,992)**	**(835,806)**	**(5,277,798)**
Depreciation and amortization	263,121	173,615	436,736	80,929		80,929
Share-based payment expense	174,969	115,436	290,405	1,287,967		1,287,967

10. Trade and other receivables

	Consolidated	
	2020 $	2019 $
CURRENT		
Trade Receivables	743,703	735,811
	743,703	**735,811**

11. Property, plant and equipment

	Motor Vehicles $	Furniture & Equipment $	Computer Equipment $	Total $
30 June 2019				
Opening net book value	66,659	12,859	125,352	**204,870**
Additions/disposals	37,880	1,509	310,875	**350,264**
Depreciation and amortization	(10,793)	(1,355)	(68,781)	**(80,929)**
Balance at 30 June 2019	93,746	13,013	367,446	**474,205**
At 30 June 2019				
Cost or fair value	133,565	46,461	560,781	**740,807**
Accumulated depreciation	(39,819)	(33,448)	(193,335)	**(266,602)**
Net book balance	93,746	13,013	367,446	**474,205**

	Motor Vehicles $	Furniture & Equipment $	Computer Equipment $	Total $
30 June 2020				
Opening net book value	93,746	13,013	367,446	**474,205**
Additions/disposals	(60,043)	-	151,429	**91,386**
Depreciation and amortization	(15,205)	(1,645)	(195,830)	**(212,680)**
Balance at 30 June 2020	18,498	11,368	323,045	**352,911**
At 30 June 2020				
Cost or fair value	37,880	46,460	719,727	**804,067**
Accumulated depreciation	(19,382)	(35,092)	(396,682)	**(451,156)**
Net book balance	18,498	11,368	323,045	**352,911**

12. Trade and other payables

	Consolidated 2020 $	2019 $
Current		
Trade and other payables	1,094,691	1,463,987
Other liabilities	534,830	42,429
Contract liabilities	1,399,926	281,837
	3,029,447	**1,788,253**

All trade and other payables are expected to be settled within 12 months.

13. Borrowings

		Consolidated 2020 $	2019 $
(a)	Loans from related parties – unsecured	400,101	820,000
(b)	Bank Loan	912,666	450,000
(c)	Car Loan	-	54,667
Total Current Borrowings		**1,312,767**	**1,324,667**

a) A loan facility of $500,000 was agreed with Subhash Challa and related parties in June 2019. $400,000 of this facility was drawn down as at 30 June 2020.

A shareholder, Adapt Capital Pty Ltd extended a loan to the Company with no interest payable. On 12 December 2019, the Company issued 3,333,333 shares to Adapt Capital Pty Ltd to convert this historical loan to SenSen for consideration of $500,000. The fair value of the shares issued is $367,667, thus, this resulted in a gain of $133,333 recognized as other income in profit and loss.

b) Includes a bank debt with Commonwealth Bank for $450,000 secured by an account set-off arrangement with a matching term deposit and a first ranking charge over present and after acquired property. Variable rate interest of 5.45% is charged and the loan term expires on 13 December 2020.

A short-term working capital loan of $440,000 was agreed with Rocking Horse Nominees Pty Ltd in April 2020. This loan is expected to be paid back in full through a Research and Development grant via the Company's tax return for 30 June 2020.

c) The Company has a motor vehicle loan which has been reclassified to lease liabilities upon adoption of AASB 16 on 1 July 2019. Refer to Note 1 for details.

14. ISSUED CAPITAL

		Consolidated	
		2020	2019
	Note	$	$
Ordinary shares	(a)	33,159,693	29,463,614

(a) Share capital movement during the period

	Consolidated			
	2020		2019	
	No.	$	No.	$
Balance at beginning of the reporting period	418,554,418	29,463,614	411,315,895	28,731,865
Shares issued during the year (i)	25,348,335	3,329,412	2,435,068	-
Share Issue Costs	-	-	4,803,455	731,749
Historical Loan Conversion to Equity (ii)	3,333,333	366,667	-	-
Balance at end of period	**447,236,086**	**33,159,693**	**418,554,418**	**29,463,614**

(i) SenSen issued 3,153,235 shares to directors and staff members as part of the company's Long-Term Incentive scheme on 8 August 2019.

Furthermore, under the private placement agreement with Angel Japan Co., Ltd., an additional 22,195,100 shares were issued, equal to approximately 4.99% of the total Post-placement issued shares of SenSen for nominal consideration of $3,329,265. This distribution agreement was terminated on 30 June 2020.

(ii) On 12 December 2019, SenSen issued 3,333,333 shares to Adapt Capital Pty Ltd (formerly Speedshield Holdings Pty Ltd) to convert a historical loan to SenSen at a consideration of $500,000. The fair value of the shares issued is $367,667, thus, this resulted in a gain of $133,333.

15. Reserves

	Consolidated	
	2020	2019
	$	$
Share based payment reserve	3,597,471	3,307,066
Foreign currency translation reserve	65,188	(96,437)
Total Reserves	**3,662,659**	**3,210,629**

16. Reconciliation of cash flows from operating activities

	Consolidated 2020 $	2019 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Net loss	(3,887,684)	(5,277,798)
Non-cash flows in profit/(loss):		
Expenses		
Depreciation and amortization expense	436,736	80,929
Share based payment expense	290,405	1,287,967
Changes in assets and liabilities net of the effects of acquisitions of subsidiaries		
Increase in trade and other receivables	(1,152,326)	(347,850)
Increase in trade and other payables	573,439	199,677
Decrease/(Increase) in provisions	492,401	(450,847)
Net cash used in operating activities	**(3,247,029)**	**(4,507,922)**

17. Trends in Performance

The business recorded flat revenue performance over the previous financial year. The FY2020 revenues consisted primarily of existing recurring contracted revenue and additional orders from SenSen's Smart Cities customers in Australia and overseas, with the biggest relative contribution occurring in the first half.

In the financial year ahead, the Company expects growing revenues from both a strong pipeline of new potential clients and recurrent revenue, as well as from software as a service (SaaS) licence arrangements with existing clients.

18. Other Factors that Affected Results in the Period or which are Likely to Affect the Results in the Future

Longer than expected timelines for the awarding of new government and Council contracts following tender processes and trials resulted in the timing of a number of anticipated positive financial outcomes for SenSen shifting to later in calendar year 2019.

In the Smart Cities business vertical, SenSen launched the world's first AI-powered smartphone app, Gemineye, in March 2019, which offers cities around the globe access to affordable, accessible, highly accurate process automation services for smart cities. The new solution is a game changer for governments, cities and councils, offering an unprecedentedly cost-effective solution for smart city management and significantly broadening SenSen's global addressable market while reducing the timeframes for technology adoption and thereby SenSen revenue outcomes.

The impact of COVID 19 on the Company is referred to above within the 'Commentary on the results for Financial Year 2020'.

19. Controlled Entities Acquired or Disposed of

No controlled entities were acquired or disposed of during the year.

20. Associates and Joint Venture Entities

The Company did not acquire or dispose of any interests in Joint Ventures or Associates during the year.

21. Other Significant Information

There is no other significant information in addition to the information that has been included in this report in relation to the company's financial performance or financial position.

22. Subsequent events

There were no material subsequent events after the year-end date of 30 June 2020, other than disclosed in note 18 above.

23. Audit Status

This report is based on accounts which are in the process of being audited.