

Quarterly Report



Activities Report for the Quarter ended
31 December 2020

29 January 2021

Leading Smart Cities and AI software solutions provider SenSen Networks Limited (ASX: SNS, “SenSen” or “the Company”) is pleased to provide an update on its activities for the quarter ended 31 December 2020.

Financials

- *Continued strong momentum delivering cash inflows from operations of A\$2.39M in the December 2020 Quarter:*
 - *Customer cash receipts of A\$1.13M from predominantly existing customers – fourth consecutive quarter of A\$1M+*
 - *R&D tax credits amounting to A\$1.26M*
- *Resulting in net positive cash-flow December quarter of A\$110k*
- *SenSen confirms expected contracted revenues of ~A\$6M in FY 2021 as at 31 December 2020, with new customer revenues expected to be added in the March and June quarters*
- *High-quality institutional and sophisticated investor capital raising of A\$7.15M completed, leaving SenSen with strong cash position of ~A\$8.69M post the December 2020 Quarter*
- *As part of the capital raising, SenSen welcomed high-conviction global equities fund manager VGI Partners as a new Substantial Shareholder*
- *New key executives in Sales & Marketing to join SenSen’s global team in the coming months to accelerate revenue growth through direct customer engagement and working with SenSen’s 20+ sales distribution channels*
- *SenSen has commenced implementation of a comprehensive strategy for corporate communications with tailored messages to different stakeholders of SenSen with a significant focus on attracting new customers, including:*
 - *Marketing campaigns – events, promotion, thought-leadership*
 - *Independent industry consultants – tolling, channel strategy, marketing processes*
 - *Tools – partnership program, marketing automation*
 - *Structured Investor Relations and Corporate Partnerships program*

SenSen Networks Limited ACN 121 257 412 www.sensennetworks.com (+61) 3 9417 5368

Melbourne: Level 1, 9 Harper Street, Abbotsford VIC 3067

Sydney: 3 Spring Street, Sydney NSW 2000

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Project Management Focus

- *Enhanced cross-border project management creating efficiencies, economies of scale and more rapid deployments with three experienced project management executives and team members to shortly join SenSen's global implementation team*
- *In-country COGS inventory is increasing to facilitate reduced "contract to project roll-out" timelines, as well as enhancing SenSen's capability for simultaneous large project deployments*

Corporate

- *At our Annual General Meeting of shareholders held on 2 December 2020, all resolutions put to the meeting were unanimously passed on a poll. Resolutions were as follows:*
 - *Resolution 1: Adoption of Remuneration Report*
 - *Resolution 2: Re-election of Dr Subhash Challa*
 - *Resolution 3: Re-election of Mr David Smith*
 - *Resolution 4: Amendment to Constitution*
 - *Resolution 5: Renewal or proportional takeover approval provisions*

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, the US, Canada, Singapore, New Zealand, 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.

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Appendix 4C

Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Name of entity

SENSEN NETWORKS LIMITED

ABN

67 121 257 412

Quarter ended ("current quarter")

December 2020

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	1,133	2,232
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(452)	(905)
(c) advertising and marketing	(23)	(126)
(d) leased assets		
(e) staff costs	(1,043)	(1,893)
(f) administration and corporate costs	(746)	(1,323)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(83)	(93)
1.6 Income taxes paid	63	50
1.7 Government grants and tax incentives	1,261	1,616
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	110	(442)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(11)	(11)
(b) businesses		
(c) property, plant and equipment	(35)	(132)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(g) entities		
	(h) businesses		
	(i) property, plant and equipment		
	(j) investments		
	(k) intellectual property		
	(l) other non-current assets		
2.3	Cash flows from loans to other entities	(248)	(248)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(294)	(390)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	44	44
3.5	Proceeds from borrowings	380	880
3.6	Repayment of borrowings	(940)	(940)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(41)	(91)
3.10	Net cash from / (used in) financing activities	(557)	(98)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,289	2,463
4.2	Net cash from / (used in) operating activities (item 1.9 above)	110	(442)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(294)	(390)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(557)	(98)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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	(7)	8
4.6	Cash and cash equivalents at end of period*	1,540	1,540

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	765	1,504
5.2	Call deposits	775	784
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)* <i>*On 6 January 2021, SenSen announced it had completed a \$7.15M Placement.</i>	1,540	2,289

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	647
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,655	960
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	2,655	960
7.5 Unused financing facilities available at quarter end		1,695
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Cash flow facility and credit cards of \$775K available from Commonwealth Bank of which \$450K ("Business Loan") is currently drawn down. This Business Loan was rolled over in December 2020 under the previous terms.</p> <p>Related parties of CEO, Subhash Challa, have executed an arms-length loan arrangement in the sum of ~A\$400K ("CEO Loan"), at a 4.95% interest rate. ~A\$270K of the CEO loan was repaid in October, 2020 leaving ~ A\$130K of loan balance payable as on 31 December 2020. This CEO Loan was rolled over in December 2020 under the previous terms for a period of 6 months.</p> <p>The short-term working capital loan of \$940K with Rocking Horse Nominees Pty Ltd ("RH") was repaid in December, 2020. A new short-term working capital loan of \$380K was taken out with RH in December, 2020.</p> <p>This also includes a low-interest A\$1M loan facility (as announced on 31 October 2019), provided by related parties of long-term SenSen strategic investor, Speedshield Technologies Pty Ltd, for working capital – which remains undrawn and only incurs interest when drawn on.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	110
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,540
8.3 Unused finance facilities available at quarter end (item 7.5)	1,695
8.4 Total available funding (item 8.2 + item 8.3)	3,235
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	

Quarterly cash flow report for entities subject to Listing Rule 4.7B

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

29 January 2021

Date:

By the Board of SenSen Networks Limited

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.