

26 May 2021

SenSen acquires Scancam *Provides a strong foundation to grow into the retail industry*

HIGHLIGHTS:

- *SenSen has entered into an agreement to acquire Scancam Industries Pty Ltd, Australia's leading provider of AI solutions to fuel retailers.*
- *Scancam's award-winning AI technology prevents drive-offs at service stations, addressing a significant problem for fuel retailers in Australia.*
- *The acquisition of Scancam consists of 100% of the issued share capital for the following upfront and deferred consideration:*
 - a. *Upfront consideration: A\$6.5M ie A\$1M cash plus A\$5.5M in ordinary shares in SenSen (subject to shareholder approval); and*
 - b. *Deferred consideration: of up to a maximum of about A\$4.1M, should the audited ARR of the Scancam business reach A\$3M within a 24-month period post the Completion date – payable in cash or ordinary shares in SenSen at the election of the SenSen Board.*
- *For FY21, Scancam unaudited EBITDA is break-even to moderate profitability with unaudited revenues of ~A\$2.3M, including Annual Recurring Revenue (ARR) of ~A\$0.7M, with a growing ARR profile.*
- *Key strategic drivers for this acquisition include:*
 - a. *Strong alignment with SenSen's growth strategy by augmenting ARR from the adjacent industry verticals like fuel retail with a strong ARR growth profile.*
 - b. *Provides strong growth opportunities within the Australian fuel retail sector that offers organic growth opportunities to expand the anti-fuel theft technology into ~6,500 service stations from the current ~250 service stations served by Scancam.*
 - c. *Provides strong foundation and impetus to move into the broader retail theft reduction solutions market, estimated to be a US\$60B+ problem globally.*
 - d. *Complementary technology and team to further strengthen SenSen solutions and augment its sales and project management teams.*
- *Currently, Scancam business is primarily focused on driving strong market share in Australia via its long-standing clients in WA & Queensland including national operators BP, Ampol (Caltex), Chevron (Puma).*

Melbourne, Australia – Leading AI data fusion enterprise solutions provider SenSen Networks Limited (ASX:SNS, "SenSen" or "the Company") has today entered into a Share Purchase Agreement for the acquisition of 100% of the issued share capital in Scancam

Industries Pty Ltd ("Scancam"). The proposed acquisition ("**Proposed Acquisition**") follows the completion of technical, financial and legal due diligence.

About Scancam

Scancam is a leading provider of AI solutions for fuel retailers in Australia. Its anti-fuel theft solution is designed to prevent drive-offs from motorists at service stations, and thereby protect the profits of fuel retailers. After capturing license plates and images of known offenders, Scancam's anti-fuel theft technology triggers operational processes to prevent further losses and it can be used as a reliable tool for law enforcement investigation.

Scancam technology brings together latest advances in computer vision, AI, cloud computing and Internet of Things (IoT) and feeds a growing demand for more sophisticated security solutions, solving a serious problem faced by fuel retailers.

Scancam's blue-chip fuel retail clients include BP, Ampol (Caltex), Chevron, Euro Garages (formerly Woolworths Caltex) as well as the Western Australia Police Force. ScanCam's longstanding clients are located across Australia in Western Australia, Queensland, and includes a growing presence in NSW, Victoria and the Northern Territory.

Enhancing the retail business vertical

Although Scancam developed this solution to address a serious problem that is costing the fuel retail industry ~A\$59 million per annum across Australia alone*, SenSen's grand vision is to use this as a springboard to launch product enhancements and variants to solve broader retail theft problems.

Retail crime in Australia alone is a A\$9 billion dollar problem, according to the National Retail Association (NRA)**. Globally, retail theft is estimated to be costing the industry about US\$60 billion annually***. SenSen is particularly excited about this large market and how solutions powered by the companies' combined technologies could help offer a highly effective solution to prevent retail theft globally.

This acquisition follows an announcement from 1 December 2020, when SenSen acquired SNAP Networks Surveillance. In line with SenSen's strategy, the Company is integrating SNAP technology into the SenSen platform, SenDISA, to develop a ground-breaking new product line called SenTRACK – the world's first completely automated person-tracking solution across an entire surveillance network.

The combination of Scancam technology to track vehicles of interest and SenTRACK to track people of interest is expected to deliver the world's first AI data fusion solution to prevent theft in all retail environments, not just fuel retailers.

Commenting on the Scancam acquisition, SenSen's CEO Dr. Subhash Challa said:

"This is an important strategic acquisition for SenSen, a move that not only aligns to our ARR generating growth plans for FY22 and beyond, but also provides a strong foundation and impetus to move into the broader retail business vertical.

“SenSen is looking forward to welcoming the Scancam team into our group and expanding revenue-earning offerings for Scancam’s high-quality customer base. Further, by integrating Scancam technology into SenSen’s proprietary platform SenDISA, we can provide further value to new and existing retail customers. Our scalable digital AI architecture is a SaaS solution. Our ingenuity provides new and existing customers with a zero-capex solution – removing what was a barrier to entry for some retailers – and solving a problem that was once thought technically impossible. As we acquire more service stations across the country on our network, this will enhance margins for SenSen, further increasing revenue growth. We are excited about the potential this integration holds to further accelerate annual recurring revenues whilst enhancing the margins of our solutions”.

Scancam’s Eoin Byrne said:

“After many years of growing our anti-fuel theft business, we are excited to find a partner in SenSen to supercharge Scancam’s technology solutions and move into new markets and geographies. The Scancam team is also very pleased to be joining a world-leading AI data fusion solutions company in SenSen.”

Transaction details

- **Up-Front Consideration:** A\$6,500,000 will be paid on Completion by:
 - Up-Front Cash Consideration of A\$1,000,000.
 - Up-Front Non-Cash Consideration of A\$5,500,000 worth of ordinary shares in SenSen (**Consideration Shares**). The number of Consideration Shares to be issued will be determined by dividing A\$5,500,000 by the Volume Weighted Average Price (VWAP) of SenSen’s fully paid ordinary shares during the seven business days ending on the last calendar day prior to the Completion Date subject to a minimum price for the VWAP of A\$0.14 and a maximum price for the VWAP of A\$0.215. As such, the maximum number of Consideration Shares that can be issued is 39,285,715, being ~7% of the issued share capital of SenSen on a post issue basis.
- **Escrow:** Approximately 49% of the Consideration Shares will be escrowed for 6 months from the Completion Date and the remaining 51% of the Consideration Shares will be escrowed for 12 months from the Completion Date.
- **Deferred Consideration:** Payable in either cash or ordinary shares in SenSen (in the absolute discretion of the SenSen Board), up to a maximum of A\$4,163,380 over two payments, should the audited Business Annual Recurring Revenue (**ARR**) of the Scancam business reach A\$3,000,000 within a 24-month period, commencing immediately after the Completion Date.
- **Completion Date:** Completion will be on the day which is 5 Business Days after the end of the calendar month on which the last of the Conditions is either satisfied or waived or any other time and date that SenSen and the Sellers agree. SenSen’s General Meeting to approve the issue of Non-Cash Consideration Shares is proposed to be held in July 2021, after which Completion can occur.

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- Conditions Precedent: SenSen and Scancam are only obliged to Complete if the following Conditions are satisfied or waived:
 - Shareholder approval – SenSen receives shareholder approval under ASX Listing Rule 7.1 for the issue of the Consideration Shares.
 - No breach by the Sellers or SenSen – as at Completion, the Sellers or SenSen have not materially breached any Warranties.
 - Material Contract consents – each Counterparty under each Material Contract has (if required under the express terms of the Material Contract) given written consent before Completion that it will not exercise its contractual right to terminate such Material Contract (if any) in respect of the Sale, on conditions acceptable to SenSen (acting reasonably).
 - Escrow Deeds – the Escrow Deeds containing the terms for the escrow of the Consideration Shares are duly executed, and a copy delivered to SenSen.
 - No Material Adverse Change has occurred with respect to either SenSen or Scancam.

SenSen Networks Limited does not presently have the placement capacity to issue the Non-Cash Consideration shares, therefore the Company will require shareholder approval under ASX Listing Rule 7.1 to complete the issue. A Notice of Meeting will shortly be circulated to all shareholders.

The ASX has confirmed that the Proposed Acquisition does not require any other approvals for the purposes of the ASX Listing Rules.

Thomson Geer Lawyers acted as Legal Advisor to SenSen, and Tenzing Partners acted as Legal Advisor to Scancam for the Transaction.

This release is approved by the Board of SenSen.

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About SenSen Networks Limited

SenSen Networks Limited (ASX:SNS; OTCQB:SNNSF) is a leading AI Data Fusion Enterprise that works with people, places and data to solve problems once thought technically impossible. The company's patented network approach enables SenSen to offer customised, real-time and batch processing of data alongside SaaS solutions.

The Company's technology fuses complex video and sensor datasets at high speeds across multiple networks to assess and inform strategic actions to its customers across its enterprise verticals: Smart Cities, Casinos, Airports and Retail. SenSen has clients on four continents and can be found in Australia, New Zealand, Singapore, USA, Canada, India and UAE.

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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.

*<https://7news.com.au/news/crime/petrol-pump-pain-as-wa-announced-the-fuel-drive-off-capital-of-australia-c-176462>

**<https://www.nra.net.au/policy-advocacy/safe-retail/retail-crime/>

***<https://nrf.com/media-center/press-releases/retail-shrink-totaled-617-billion-2019-amid-rising-employee-theft-and>