

Quarterly Report



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Activities Report for the Quarter ended
30 September 2021

26 October 2021

SenSen growth accelerating with record setting quarterly cash receipts & ARR

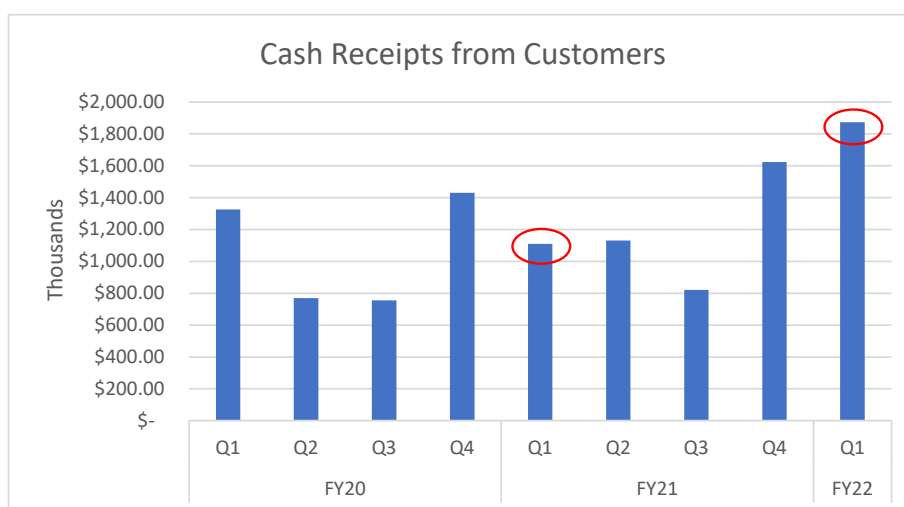
Melbourne, Australia – World leading Sensor AI software solutions provider SenSen Networks Limited (ASX: SNS), (“SenSen” or “the Company”) is pleased to provide an update on its activities for the quarter ended 30 September 2021 (Q1 FY22).

Note: All figures are in Australian dollars unless otherwise noted.

Highlights

- Record customer cash receipts in Q1 FY22 of \$1.9M, an 18% increase over the last quarter
- On 20 July 2021, acquired Scancam, Australia’s leading provider of AI solutions to fuel retailers, with an upfront consideration of \$6.5M – cash (\$1.0M) and shares (\$5.5M)
- Confirming overall FY22 revenue guidance of > \$11.0M
- Record monthly recurring revenue (‘MRR’) of ~\$0.5M (ARR ~\$6M) which is expected to increase to ~\$650K (ARR ~\$8.0M) by the month ending June 2022
- Net Cash used in Operating Activities of \$1.8M during the quarter as SenSen continues to invest in sales and marketing initiatives and R&D to drive top-line growth
- Cash and cash equivalents of \$2.9M and unused finance facilities available of \$1.8M as at 30 September 2021

Financial update



The Company recorded cash receipts from customers in Q1 FY22 of \$1.9M, the highest quarterly cash receipts since SenSen’s listing, and \$300k more than the previous record quarter in Q4 FY21.

SenSen Networks Limited ACN 121 257 412 www.sensen.ai +61 (0)3 9417 5368

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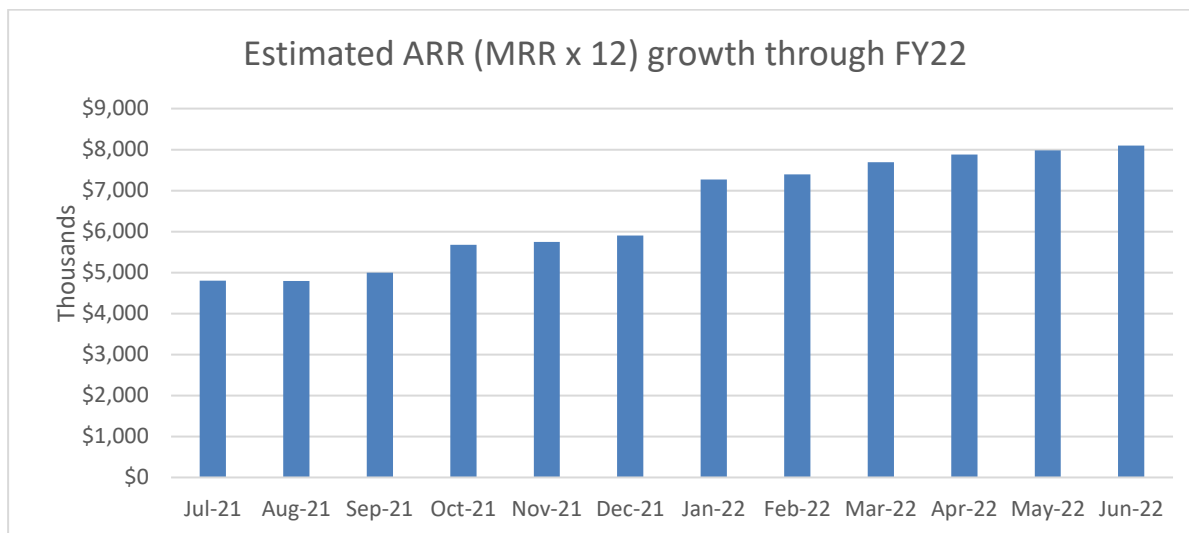
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MRR is currently at ~\$0.5M and expected to continue growing month on month during FY22 as shown in the graph on the next page. The estimated MRR in June 2022 is ~\$650K, equating to annual recurring revenue of ~\$8M on a forward-looking basis.



During the period SenSen drew down \$0.8M from its short-term working capital loan facility with Rocking Horse Nominees Pty Ltd. This loan is secured over SenSen's expected Research and Development refund and will be paid back in full when the R&D grant is received.

As noted in Item 6 of the Company's Appendix 4C Cashflow Statement, payments made to related parties and their associates totalled \$570K for the quarter. The payments comprise an intercompany transfer of funds to SenSen VBI Pvt Ltd (India) and SenSen Networks Canada Ltd (Canada) to fund working capital for international growth during the quarter ended 30 September 2021. SenSen finished the quarter with \$2.9M of cash and cash equivalents, and unused finance facilities of \$1.8M.

Operational Update

1. Scancam acquisition update

The Scancam acquisition completed on 20 July 2021 and has been tracking well. The integration of the Scancam technology into the SenDISA software platform is underway as are trials to test the effective roll-out of the solution. In FY22, Scancam customers are expected to contribute \$3M in revenue and growing monthly recurring revenues. It also is expected to accelerate Sensen's retail client growth, starting with fuel service stations.

Since the completion of the Scancam acquisition

- 11 new service stations have been added, taking the total number of customer sites to 261 as at the end of September 2021;
- Two Police and other government authority contracts with SaaS revenues have been secured; and
- 11 additional sites are in the final stages of installation.

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The integration of the Scancam system into the SenDISA software platform is in progress. As previously advised, the integrated solution enables Sensen to use the existing camera infrastructure at the service stations that saves significant up-front cost for customers and allows for the introduction of a SaaS revenue model. The SaaS model is expected to lead to rapid adoption of the solution by both corporates and independently owned and operated service stations.

Trials with a major corporate customer for the new integrated solution and SaaS revenue model is demonstrating the upfront cost savings for the customer, ease of solution rollout to new sites and improved accuracy. On the back of this successful trial, large multi-site, multi-year customer orders are under negotiation with the client.

The new, field proven SaaS solution is also very attractive to independent service station owners (~40% of the Australian market). We initiated a targeted customer acquisition strategy focused on independently owned and operated service stations with the appointment of a dedicated salesperson driving sales growth in this segment with our SaaS model.

2. Sales and marketing initiatives and results

Senior sales and marketing resources appointed in the Q4 of FY2021 have demonstrated early traction with a maturing sales funnel of potential customers. Starting in June 2021, the team reached out to over 150 customers in the North America (US and Canada) comprising US cities, Universities, airports, and parking operators through a direct sales outreach approach.

The following table summarises the current sales funnel. Currently we are engaged with over 75 potential customers and prospects in a range of pre-sales activities across all verticals and geographies.

SenSen Maturing Sales Funnel - New Customer Opportunities					
Business Verticals	USA	Canada	APAC	Other (UAE/UK/Malaysia)	Totals
Cities & Parking Operators	13	6	12	3	34
Retail	0	0	2	0	2
Casinos Groups	5	0	5	2	12
Emerging - Education & Other	12	3	12	0	27
				Total	75

Pre-sales activities include conducting live demos, proof of concept trials, tender/proposal submissions. Some of these are likely to convert into new revenues streams in the coming months.

The first major win that converted post the reporting period was the contract with the national heavy vehicle regulator (NHVR) for delivering our Sensor AI solution using drones, solar trailers, and police vehicles. A few more are in advanced stage of contract negotiations and expected to close in Q2.

The direct outreach was further complemented with representation at several industry conferences and expos in the last quarter including:

- Casino focused Expo

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- NIGA Indian Gaming & Tradeshow, 19th – 23rd July, 2021, Las Vegas.
- This was followed by another major casino expo in Las Vegas, G2E in October 2021, that took place in the post reporting period.
- We were able to leverage SenSen office in Las Vegas to invite several prospective customers to demonstrations at the office.

- Surveillance focused Expo
 - Global Security Exchange, GSX Show, 27th – 29th September 2021, Florida
 - SenSen partnered with Milestone to showcase our new product SenTRACK

- Smart city focused Expo
 - NPA Convention and Expo, 27th – 29th September 2021, Las Vegas
 - SenSen showcased leading smart city solutions at the expo.

3. Innovative Solutions to emerging markets update

Sensen is working on three key market segments to address the need for its sensor AI software solutions – digital kerb, sports analytics, and SaaS solutions for service stations.

Digital Kerb

Kerb spaces have historically been a source of parking revenue for cities, but the COVID-19 pandemic has accelerated the need for regulating a variety of other use cases which most cities are not yet equipped for. From an increase in food and parcel deliveries to outdoor streeteries, the pandemic has changed the way cities are looking to organize and monetize their curb space.

Sensor AI plays a critical role in the emerging market opportunities within the digital kerb management space and SenSen is leading the way with its SenDISA platform and unique innovative solutions designed bottom up to serve the emerging needs of this market.

We have introduced two ground-breaking innovations for this market and engaged in multiple proof of concept trials in the world. One of the innovations is being tested by city of Las Vegas in collaboration with Cox Communication. Another was successfully tested by city of Mornington in Victoria. Both innovations are subject of innovation patents filed by SenSen.

Sports Analytics

SenSen is working with multiple sport's governing bodies to deliver sensor AI solutions for sports analytics. We are part of multiple proof of concept trials for live telecast games and are actively pursuing opportunities to license the SenDISA platform to sports analytics companies and governing bodies.

SaaS solution for Service stations

The current solution to provide service stations with an integrated fuel monitoring system involves an upgrade to the entire surveillance systems including cameras, NVR and others which is only suitable for large corporates. Independently owned and operated service stations cannot afford it. However,

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using Sensen technology, you have the ability to tap into existing surveillance cameras to deliver the fuel theft prevention solution which makes the solution affordable to all service stations.

The breakthrough configuration of the SenDISA platform will enable any service station to use the solution by eliminating all the upfront costs and move to a complete SaaS solution. The solution has been successfully proven to operate in two test sites with great success.

4. Update on Patent Portfolio

We have accelerated our innovations throughout the pandemic and our IP Vault now has more than 60 entries making up 14 different patent families. Each of our 'patent families' corresponds to a set of related registered patents or pending patent applications. These have been filed in the most important jurisdictions where we believe an invention built around a patent family will be commercialised.

The patent families form an 'IP Vault' providing SenSen with a competitive advantage and leverage when penetrating new markets with innovative products, or in entering licensing and cross-licensing negotiations with commercial partners.

Recent IP generation at SenSen:

- 5 patent families have granted family members in jurisdictions including Australia, Japan, Singapore, and the US. These relate to Smart Cities, Smart Surveillance and Gaming technologies.
- 9 further patent families have pending family members that are yet to be examined.
- 9 additional patents are being drafted for filing.

SenSen will continue to pursue patent protection in key markets as we undertake significant R&D activities. We are assisted in protecting our Patent Portfolio by leading Australia IP firm, FB Rice.

For further information, please contact:

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SenSen Networks

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About SenSen Networks Limited

SenSen Networks Limited (ASX:SNS; OTCQB:SNNSF) is a leading Sensor AI Data enterprise working 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, Retail, Smart Surveillance and Emerging Tech. SenSen has clients on four continents and can be found in Australia, New Zealand, Singapore, USA, Canada, 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")

September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,872	1,872
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(563)	(563)
(c) advertising and marketing	(27)	(27)
(d) leased assets		
(e) staff costs	(1,970)	(1,970)
(f) administration and corporate costs	(1,243)	(1,243)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(13)	(13)
1.6 Income taxes paid	(20)	(20)
1.7 Government grants and tax incentives	178	178
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,785)	(1,785)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(1,127)	(1,127)
(b) businesses		
(c) property, plant and equipment	(49)	(49)
(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 (3 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		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1,176)	(1,176)
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		
3.5	Proceeds from borrowings	800	800
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(132)	(132)
3.10	Net cash from / (used in) financing activities	668	668
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,176	5,176
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,785)	(1,785)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,176)	(1,176)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	668	668

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	23	23
4.6	Cash and cash equivalents at end of period*	2,907	2,907

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	2,091	4,360
5.2	Call deposits	816	816
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>	2,907	5,176

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	570
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

The amount in item 6.1 comprises an intercompany transfer of funds to SenSen VBI Pvt Ltd, India and SenSen Networks Canada Ltd, Canada to fund working capital during the quarter ended 30 September 2021.

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

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000																											
7.1 Loan facilities	3,455	1,630																											
7.2 Credit standby arrangements																													
7.3 Other (please specify)																													
7.4 Total financing facilities	3,455	1,630																											
7.5 Unused financing facilities available at quarter end		1,825																											
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.																													
<table border="1"> <thead> <tr> <th>Financing Facilities</th> <th>Facility</th> <th>Drawn</th> </tr> </thead> <tbody> <tr> <td>CBA Credit Cards</td> <td>\$100,000</td> <td></td> </tr> <tr> <td>CBA Business Loan</td> <td>\$450,000</td> <td>\$450,000</td> </tr> <tr> <td>CBA Overdraft</td> <td>\$225,000</td> <td></td> </tr> <tr> <td>Subtotal</td> <td>\$775,000</td> <td>\$450,000</td> </tr> <tr> <td>Rocking Horse Loan</td> <td>\$1,180,000</td> <td>\$1,180,000</td> </tr> <tr> <td>CEO Loan</td> <td>\$500,000</td> <td>\$0</td> </tr> <tr> <td>Loan Facility from Speedshield</td> <td>\$1,000,000</td> <td>\$0</td> </tr> <tr> <td>Total</td> <td>\$3,455,000</td> <td>\$1,630,000</td> </tr> </tbody> </table>			Financing Facilities	Facility	Drawn	CBA Credit Cards	\$100,000		CBA Business Loan	\$450,000	\$450,000	CBA Overdraft	\$225,000		Subtotal	\$775,000	\$450,000	Rocking Horse Loan	\$1,180,000	\$1,180,000	CEO Loan	\$500,000	\$0	Loan Facility from Speedshield	\$1,000,000	\$0	Total	\$3,455,000	\$1,630,000
Financing Facilities	Facility	Drawn																											
CBA Credit Cards	\$100,000																												
CBA Business Loan	\$450,000	\$450,000																											
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Subtotal	\$775,000	\$450,000																											
Rocking Horse Loan	\$1,180,000	\$1,180,000																											
CEO Loan	\$500,000	\$0																											
Loan Facility from Speedshield	\$1,000,000	\$0																											
Total	\$3,455,000	\$1,630,000																											

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,785)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,907
8.3 Unused finance facilities available at quarter end (item 7.5)	1,825
8.4 Total available funding (item 8.2 + item 8.3)	4,732
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.7
<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.

26 October 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".

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

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.