

Quarterly Report



sensen.ai
solving the impossible

Activities Report for the Quarter ended
31 December 2021

28 January 2022

SenSen accelerates growth with record setting recurring revenues & customer wins

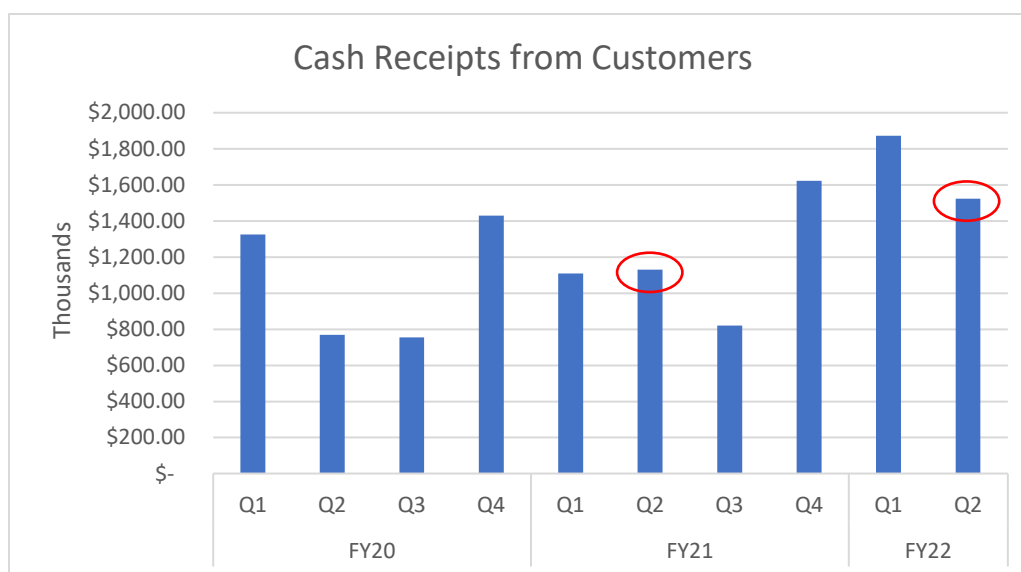
Melbourne, Australia – Leading sensor AI software and solution provider SenSen Networks Limited (ASX:SNS, “SenSen” or “the Company”) provides an update on its activities for the quarter ended 31 December 2021 (Q2 FY22).

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

Highlights for Q2 FY22

- Record Q2 customer cash receipts of \$1.5M, a 35% increase over the PCP in Q2 FY21
- Record monthly recurring revenue (‘MRR’) of ~\$0.45M (ARR ~\$5.3M) and on track to growing MRR of ~\$0.65M (ARR ~\$8.0M) by end of FY22 on the back of new contract wins
- Record quarter for new customer wins with 8 new commercial contracts announced for a combined value more than \$4.8M – 5 Smart cities, 2 Casinos, 1 Retail (~50+ service stations). We expect this momentum to continue and further accelerate into the future.
- Net Cash used in Operating Activities of \$3.0M during the quarter as SenSen continues to invest in sales and marketing initiatives to drive top-line growth
- Debt repayment of \$1.3M during the quarter amounting to a stronger balance sheet that will support aggressive future revenue growth
- Cash and cash equivalents of \$8.1M and unused finance facilities available of \$1.8M as at 31 December 2021

Financial update



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

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The Company recorded Q2 cash receipts from customers of \$1.5M, a 35% increase over the PCP in Q2 FY21. Historically Q2 is smaller than other quarters from cash receipts perspectives and we achieved 35% growth in Q2 FY22 over Q1 FY22. We expect to start seeing higher and growing cash receipts into the future. The company also recorded a month-on-month growth of record MRR ending Q2 with MRR of ~\$0.45M (ARR ~\$5.3m) and it is expected to continue growing month on month during FY22 to ~\$650K, which equates to an annual recurring revenue (ARR) of ~\$8M on a forward-looking basis.

Net cash used in operations during the quarter of \$3.0M included various non-recurring costs of \$1.6M, primarily due to:

- Forward order inventory (to overcome supply chain challenges and meet delivery requirements for new customer orders received),
- One-off professional service costs (focused on business development management initiatives)
- An additional month of salary payment (following a change in accounting policy)
- Also included within the result for the quarter were additional audit and legal costs flowing on from M&A activities and capital raising expenses related to \$10M we have raised in this quarter.

Operating costs are expected to move to a normalised run-rate as these one-off items cease.

SenSen reduced borrowing by \$1.3m during the quarter, leaving a strong balance sheet as at 31 December 2021

As noted in Item 6 of the Company's Appendix 4C Cashflow Statement, net payments made to related parties and their associates totalled \$809K for the quarter. The payments comprise intercompany transfer of funds to/from SenSen VBI Pvt Ltd (India), SenSen Networks Canada Ltd (Canada) and SenSen Networks Inc. (USA) to fund working capital for international growth during the quarter ended 31 December 2021.

During the period SenSen successfully raised a total of \$10M from new and existing investors, which consisted of:

- Two Placements totalling 60,000,000 new shares to institutional and sophisticated investors which raised \$7.2M; and
- The completion of a Share Purchase Plan (SPP) to existing shareholders of 23,304,096 shares which raised \$2,796,500.

The Company will use this capital to further fund its growth momentum through targeted investment in sales, marketing product innovations, product delivery and project management.

SenSen finished the quarter with \$8.1M of cash and cash equivalents, and unused finance facilities of \$1.8M.

Operational Update

Strong sales momentum

Pleasingly, Q2 FY22 was a very busy quarter for SenSen with several multi-year contracts signed with new customers together with further extensions to existing customer contracts valued in excess of \$4.8M.

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This demonstrates the sales momentum generated as a result of investments made by SenSen in hiring new sales teams across the globe.

New contracts – Smart Cities

- In October, the **National Heavy Vehicle Regulator (NHVR)** awarded SenSen a contract for \$287K upfront fees for hardware and commissioning and \$176K in annual Software as a Service (SaaS).

SenSen will supply rapidly deployable, AI powered, automated heavy vehicle intelligence gathering and compliance monitoring systems in NHVR's southern operations region of South Australia, Victoria, and Tasmania.

The NHVR is Australia's dedicated, statutory regulator for all heavy vehicles and SenSen's AI powered solutions will support NVHR's vision to undertake intelligence-led, risk-based compliance activities, and increase their visibility of heavy vehicle fleet movements across the country. This reflects the increasing use of AI and sensor-based data for Infrastructure decisions of national importance.

This new contract increases SenSen's intelligence and compliance footprint in the southern region of Australia and, for the first time, positions SenSen as a provider to all three levels of government (local, state and federal) in Australia.

- SenSen was awarded two separate contracts for its sensor AI powered kerbside management solutions.
 - The first in and around the US City of Chicago, by **Chicago Parking Meters LLC** (that are expected to exceed US\$1m in FY22) and
 - The second in the City of Campbelltown, south-western Sydney, Australia by **Transport for New South Wales (TfNSW)** with the contract amounting to ~\$437K over the period of the initial contract, commencing in December 2021.

Digitising the humble footpath and the area around it, often referred to as the Kerbside, is the next big step in making cities smarter. These projects will utilise multiple innovations from SenSen that are at the cross-section of AI, IoT, Cloud, Data Science and smart sign technologies and will provide customers with real-time and accurate data about the kerb activity and help influence policy, reduce congestion and improve citizen services.

Kerbside is the most underutilised asset owned by cities globally and digitising it through sensor AI technologies like the ones developed by SenSen are expected to unlock its value.

Kerbside management is estimated to be a US\$6.3 billion per annum market opportunity and these contracts together with SenSen's other deployments in the USA and Singapore further bolster SenSen's leadership in this area.

- **Sunshine Coast Regional Council** awarded SenSen a multi-year contract valued at \$280K to deploy its sensor AI automated parking enforcement solutions.

Commencing in January 2022, the contract further bolsters SenSen's leadership role in the emerging kerbside management market and reflects SenSen's ability to deploy its patented and

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award-winning technology to overcome existing and emerging challenges faced by cities as they strive to keep roads safe and congestion free.

- **Queensland Revenue Office** awarded SenSen a multi-year contract to deploy its vehicle mounted AI solutions for automated number plate recognition. SenSen will earn a minimum of \$192K over the 36-month period of the initial contract, commencing in January 2022.

Commencing in January 2022, the contract follows SenSen's work with forward-thinking cities in Queensland who use SenSen's AI solutions including Brisbane, Ipswich, Logan, Cairns, Gold Coast, and Sunshine Coast.

The State of Queensland is the first state in Australia to engage with SenSen, and joins SenSen's international customers which include the cities of Las Vegas, Calgary and Edmonton.

- In November, SenSen announced its first customer, **Brisbane City Council**, for its new Environment Mapping Technology (EMT) which solves the '*Urban Canyoning*' problem of large built-up areas in cities where GPS signals falter in the presence of high-rise buildings and users are unable to accurately determine GPS positions of vehicles.

The core of SenSen's innovative, patent-pending solution enables vehicles to "see" a streetscape and know their location by comparing their proximity to landmarks and an AI model of the CBD. The solution is modelled on how the human brain navigates the world by visually surveying the surrounding areas for familiar items that provide context to understand location.

New contracts – Retail

- Following the completion of the Scancam acquisition in July, **EG Group Australia** awarded SenSen a contract to deploy its AI solutions to prevent fuel theft at 50 service stations across Australia. SenSen will earn upfront revenue of \$156K and then \$170K per annum from this three-year contract.

Fuel theft is a significant national problem for Australian fuel retailers and costs fuel stations more than \$60M a year. With more than 540 petrol stations across Australia, SenSen expects more EG Group sites to consider the solution after successful commissioning of the initial 50 sites.

Installations commenced in January 2022 and leverage existing forecourt cameras, a breakthrough SenSen initiative, which reduces system installation time and upfront costs for service stations.

These new sites added to the existing 250+ service stations SenSen already serves takes the running total to more than 300 service stations across Australia and SenSen expects additional fuel stations to be added.

New Contracts – Casinos

- SenSen's first contract in the UK and Europe was signed with **the Hippodrome Casino, London**, the UK's largest entertainment and casino venue with five floors of gaming and includes London's

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largest dedicated poker floor. SenSen will generate both upfront and recurring revenues amounting to \$430K over the initial 3-year contract.

SenSen's AI solution detects and recognises bets placed on gaming table and extracts critical operational information like number of players engaged in the game, average value of bets placed per player, the game pace, side bet analysis and more, all in real time. The data is then used to power a range of applications linked to improving customer service of the casinos.

The initial 3-year contract follows a period of successful trials and provides further opportunity for SenSen to target the large UK & European markets which have over 1,000 casinos and more than 30,000 tables between them.

- In December, **Crown Casino** extended its contract with SenSen to retrofit existing gaming tables with SenSen's new, ground-breaking and patent pending sensor AI solution which provides real time, highly accurate data helping casinos track players' activities which aids in supporting responsible gaming initiatives. The revenue under the contract is for a total of \$725K over a two and a half-year period.

The contract covers 40 tables at Crown Melbourne with the potential for further table roll-outs, and strengthens a five-year relationship between Crown and SenSen.

SenSen's continued development of its gaming AI solution has removed expensive and disruptive installations, meaning casinos can get quick and easy access to real-time data to measure and set KPIs and improve the overall customer experience. The technology is currently being used in three casinos and SenSen expects to grow this to more than thirty in the next three years.

Update on Awards and Patent Portfolio

During Q2 FY22 SenSen and customer, Brisbane City Council, won the 2021 National Parking Awards "Excellence in Technology and Innovation – On Street" Award, for its Environment Mapping Technology.



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SenSen's IP Vault now has more than 80 entries making up 14 different patent families each of which corresponds to a set of related registered patents or pending patent applications and provide SenSen with a competitive advantage when entering new markets with innovative products, or in entering licensing and cross-licensing negotiations with commercial partners.

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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")

December 2021

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	1,523	3,396
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(877)	(1,440)
(c) advertising and marketing	(91)	(118)
(d) leased assets		
(e) staff costs	(2,838)	(4,808)
(f) administration and corporate costs	(1,712)	(2,955)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(15)	(28)
1.6 Income taxes paid	(304)	(325)
1.7 Government grants and tax incentives	1,267	1,444
1.8 Other (provide details if material)	20	20
1.9 Net cash from / (used in) operating activities	(3,027)	(4,814)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	0	(1,127)
(b) businesses		
(c) property, plant and equipment	(69)	(118)
(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		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(69)	(1,245)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,996	9,996
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	(314)	(314)
3.5	Proceeds from borrowings	0	800
3.6	Repayment of borrowings	(1,267)	(1,267)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(126)	(258)
3.10	Net cash from / (used in) financing activities	8,289	8,957
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,907	5,176
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,027)	(4,812)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(69)	(1,245)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,289	8,957

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	(35)	(11)
4.6	Cash and cash equivalents at end of period*	8,065	8,065

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	7,249	2,091
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>*During November and December 2021, SenSen announced it had completed a SPP and placements amounting to \$10.0M.</i>	8,065	2,907

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	(809)
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>		

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	2,275	450																											
7.2	Credit standby arrangements																													
7.3	Other (please specify)																													
7.4	Total financing facilities	2,275	450																											
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></td> <td></td> </tr> <tr> <td>CEO Loan</td> <td>\$500,000</td> <td></td> </tr> <tr> <td>Loan Facility from Speedshield</td> <td>\$1,000,000</td> <td></td> </tr> <tr> <td>Total</td> <td>\$2,275,000</td> <td>\$450,000</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			CEO Loan	\$500,000		Loan Facility from Speedshield	\$1,000,000		Total	\$2,275,000	\$450,000		
Financing Facilities	Facility	Drawn																												
CBA Credit Cards	\$100,000																													
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Total	\$2,275,000	\$450,000																												

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,027)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,065
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)	9,890
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.3
	<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:	
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:	

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

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.

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.