

# Quarterly Report



Activities Report for the Quarter ended  
31 March 2023

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28 April 2023

## SenSen delivers another record cash receipts quarter and implements further changes to its cost structure

**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 March 2023 (Q3 FY23).

### Highlights for Q3 FY23

- *Record Q3 customer cash receipts of A\$2.8M, a 69% increase over the PCP in Q3 FY22, and the ninth consecutive record PCP customer cash receipts quarter.*
- *Cash and cash equivalents of A\$2.5M (versus A\$3.7M at 31 December 2022) and unused finance facilities available of A\$1.7M as at 31 March 2022.*
- *An additional finance facility of A\$0.4M applied for during the quarter with existing R&D lender Rocking Horse, settled in April 2023. A further amount of \$0.6M is being pursued under this facility for settlement in the month of June 2023 to provide additional organisational flexibility and resilience.*
- *As part of previously announced cost reductions of ~A\$2.5M, additional costs of \$0.2M were incurred in January as affected employees exited the business.*
- *During the quarter, the Company finalised a remuneration structure program to enable senior staff to sacrifice 20% of their monthly salary pursuant to a salary sacrifice plan, commencing 1 May 2023. These actions are in addition to previously announced savings, which have seen 26 people leave the business in the last two quarters.*
- *Due to its significant Government customer base, SenSen’s business is somewhat cyclical and the fourth quarter has historically been our highest customer cash receipts Quarter. The executive team expects to be cash flow positive in Q4 FY23, with long term cash-flow positivity and profitability shortly thereafter.*
- *SenSen has acquired several new customers in Canada. Our smart city solutions are now adopted by 9 cities from just 2 at the beginning of the year.*
- *City of Las Vegas extended the contract for an additional 3 years and ordered two additional systems to deliver advanced automation through AI for enforcement operations.*
- *Several of our existing city customers including Brisbane, Sunshine Coast, Logan City, and Chicago have expanded their contracts with additional systems delivering significant additional revenues from the existing accounts.*

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**SenSen Networks Limited ACN 121 257 412 [www.sensen.ai](http://www.sensen.ai) +61 (0)3 9417 5368**

**Melbourne:** 2/570 City Road, South Melbourne VIC 3205

**Sydney:** 3 Spring Street, Sydney NSW 2000

**Las Vegas:** Office #8, International Innovation Center, 300 South 4<sup>th</sup> St, Suite 180, Las Vegas NV 89101

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- *Significant new initiatives are being undertaken to further accelerate revenues and we plan to update the market in the coming weeks on these exciting developments.*

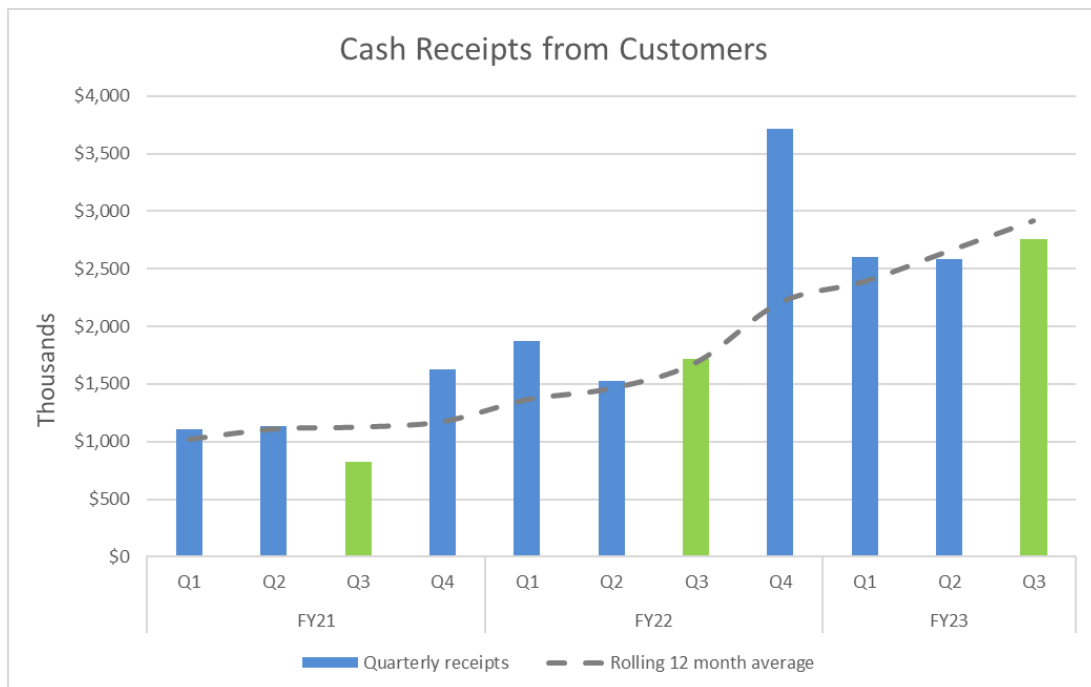
## Financial update

Given the twin headwinds of high inflation and economic downturn, SenSen focused its energies into upselling to existing customers who ordered additional and complementing services across the board driving our record cash-inflows from customers of A\$2.8M, a 69% increase over the PCP in Q3 FY22.

All key market segments grew, strongly supported by continuous innovations and refinement of the Company's processes to deliver its products and support them at scale. This continued growth is reflected in another record quarterly cash receipts from customers and further demonstrates the lifetime value of SenSen's no-churn customer base is typically many multiples of the size of initial contracts.

SenSen reported Net Cash from Operating Activities of (A\$1.5M) during the quarter, which included impacts from the restructure of operations in November and December 2022. This result also reflects the settling of outstanding creditors following the receipt of the Company's annual R&D grant in December 2022.

SenSen finished the quarter with A\$2.5M of cash and cash equivalents, and unused finance facilities of A\$1.7M, versus cash and cash equivalents of A\$3.7M and unused finance facilities of A\$2.2M at 31 December 2022.



Note: Green bars in chart above identify comparable quarters.

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As noted in Item 6 of the Company's Appendix 4C Cashflow Statement, net payments made to related parties and their associates totalled A\$708,000 for the quarter. The payments comprise intercompany transfer of funds to SenSen VBI Pvt Ltd (India) and funds transferred to SenSen USA and Canada as part of the Company's global cash management in the quarter ended March 2023.

## Further Cost Savings

The Company has finalised plans for senior staff to sacrifice 20% of their monthly salary pursuant to a salary sacrifice plan, commencing 1 May 2023 (**Salary Sacrifice Plan**).

Under the Salary Sacrifice Plan, those senior staff members will receive ordinary shares in SenSen (**Shares**) in lieu of that component of their salary calculated on a 20-day volume weighted average price. It is anticipated that such Shares will be issued monthly, but always subject to the SenSen Securities Trading Policy.

For those directors participating in the Salary Sacrifice Plan, any issue of Shares will be held over until such time as their issue is approved at the 2023 Annual General Meeting.

The intention of this action is to provide a short-term cash cost saving to support the Company through to cash flow positivity. The annualised impact of this change is approximately \$0.5M in cash savings.

In addition, the Company is actively pursuing other cost savings that will support cash flow positivity, including share registry costs, consulting costs and its premises and amenities.

These actions are in addition to previously announced savings, which have seen 26 people leave the business in the last two quarters.

## Additional Funding

During the quarter the Company applied for an extension to its existing interim facility with Rocking Horse Capital, based on completed R&D of \$1.5M (up from \$1.1M) on the same terms as the existing facility. In early April, after quarter end, the additional facility was granted and funded to the Company's bank account. A further amount of \$0.6M is being pursued for settlement in the month of June 2023.

This additional funding increases resilience in the Company to withstand any unforeseen shocks as the Company navigates its way to cash flow positivity.

## Angel Dispute

On 7 March 2023 the Company advised the market that the first case management hearing in relation to the patent dispute with Angel Group Co., Ltd and Angel Australasia Pty Ltd (**Angel**) in the Federal Court of Australia had taken place on 20 February 2023. This was the first time the parties had appeared before the Court to discuss the case and next steps.

Justice Burley granted leave for Angel to file an Amended Originating Application and

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Further Amended Statement of Claim by 3 March 2023. SenSen is now preparing its Defence to the infringement claims, as well as a Notice of Cross-Claim and Statement of Cross-Claim seeking relief for unjustified threats of patent infringement and claiming invalidity of the Angel patents in question.

On 24 April 2023, SenSen advised the market that it had been served with a similar claim in Branch 148 of the Regional Trial Court, Makati City in the Philippines in relation to Angel Group's Philippine patents.

SenSen has been working to formally retain lawyers in the Philippines to investigate the veracity of Angel's claim. It is anticipated that lawyers in the Philippines will review the allegations contained in Angel's Complaint and its exhibits and obtain instructions to file an Answer to the Complaint and any evidence by 19 May 2023.

Angel is a former distributor of SenSen's gaming solution and still owes the Company distributor fees. This type of legal action is not uncommon in the gaming industry and, as such, SenSen has been building its own patent portfolio for a number of years.

As indicated in the Company's Quarterly Activities and Cashflow Report for December 2022, the gaming business is a small part of SenSen's overall business, currently contributing less than 10% of revenue, and this activity is not expected to materially impact revenues or business operations. The costs for its legal defence are covered under SenSen's IP insurance.

SenSen will keep the market updated on material items as these matters progress.

## **Focus on Product and IP consolidation**

For many years, SenSen was heavily focused on developing new technologies, and feature sets to deliver suites of allied services to our customers. There has been a significant focus on R&D including creating defensible IP and highly differentiating products and solutions.

The Company has now shifted focus to consolidation of products, simplifying deployment and support solutions at scale and the SenSen software platform, SenDISA, is updated to support new lower cost hardware and new AI/ML architectures.

Our customers are now able to use our solution in various configurations to solve their unique problems in a highly flexible and cost-effective manner including:

**AI on wheels, AI on solar, AI on poles, AI on drones, AI in the cloud & on the Edge**

This release is approved by the Board of SenSen.

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**For further information, please contact:**

David Smith  
Executive Director and Company Secretary  
Email: [info@sensen.ai](mailto:info@sensen.ai)

**About SenSen Networks Limited**

SenSen Networks Limited (ASX:SNS) 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.

**Disclaimer – forward-looking statements**

This release may contain forward-looking statements. These statements are based upon management's current expectations, estimates, projections and beliefs regarding 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.

## 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")

March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,762	7,952
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(785)	(2,572)
(c) advertising and marketing	(74)	(317)
(d) leased assets		
(e) staff costs	(2,063)	(6,509)
(f) administration and corporate costs	(1,271)	(4,125)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid	(37)	(199)
1.6 Income taxes paid	(57)	(166)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	2,284
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,523)</b>	<b>(3,644)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(80)	(180)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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	(68)	(106)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(148)</b>	<b>(287)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
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	0	0
3.5	Proceeds from borrowings	755	2,235
3.6	Repayment of borrowings	(201)	(1,701)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(108)	(380)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(446)</b>	<b>(153)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,736	6,214
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,523)	(3,644)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(148)	(287)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	446	153

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(34)	41
<b>4.6</b>	<b>Cash and cash equivalents at end of period*</b>	<b>2,477</b>	<b>2,477</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,582	2,869
5.2	Call deposits	895	867
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,477</b>	<b>3,736</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(708)
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

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>																														
7.1	Loan facilities	4,175	2,485																														
7.2	Credit standby arrangements																																
7.3	Other (please specify)																																
7.4	<b>Total financing facilities</b>	<b>4,175</b>	<b>2,485</b>																														
7.5	<b>Unused financing facilities available at quarter end</b>		<b>1,691</b>																														
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><b>Subtotal</b></td> <td><b>\$775,000</b></td> <td><b>\$450,000</b></td> </tr> <tr> <td>Rocking Horse Loan</td> <td>\$1,100,000</td> <td>\$1,100,000</td> </tr> <tr> <td>CEO Loan</td> <td>\$500,000</td> <td>\$500,000</td> </tr> <tr> <td>TP24 Trade Facility</td> <td>\$800,000</td> <td>\$434,500</td> </tr> <tr> <td>Loan Facility from Speedshield</td> <td>\$1,000,000</td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b>\$4,175,000</b></td> <td><b>\$2,034,500</b></td> </tr> </tbody> </table>	Financing Facilities	Facility	Drawn	CBA Credit Cards	\$100,000		CBA Business Loan	\$450,000	\$450,000	CBA Overdraft	\$225,000		<b>Subtotal</b>	<b>\$775,000</b>	<b>\$450,000</b>	Rocking Horse Loan	\$1,100,000	\$1,100,000	CEO Loan	\$500,000	\$500,000	TP24 Trade Facility	\$800,000	\$434,500	Loan Facility from Speedshield	\$1,000,000		<b>Total</b>	<b>\$4,175,000</b>	<b>\$2,034,500</b>		
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<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,523)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,477
8.3	Unused finance facilities available at quarter end (item 7.5)	1,691
8.4	Total available funding (item 8.2 + item 8.3)	4,168
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>2.7</b>
	<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:

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.

28 April 2023

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.