

Quarterly Report



Activities Report for the Quarter ended
30 September 2023

31 October 2023

FY24 taking shape as SenSen set for a record year

Melbourne, Australia – Live Awareness AI solutions provider SenSen Networks Limited (ASX:SNS) (“SenSen” or “the Company”) provides an update on its activities for the quarter ended 30 September 2023 (Q1 FY24).

Highlights for Q1 FY24

- *SenSen achieved record PCP Q1 customer cash receipts of A\$3.1M, an 18% increase on Q1 FY23 of A\$2.6M.*
- *FY23 audited financial results reported record revenues of \$10.8M, the first time the Company achieved double digit millions revenue, and improved profitability reflecting the company’s transition to a refined operating model.*
- *Optimisation continued with the Scancam business fully integrated into the SenSen platform, resulting in all former Scancam staff leaving the business, resulting in an annualised saving of A\$0.8M, after a one-off restructuring cost outflow of A\$0.4M.*
- *Cash and cash equivalents of A\$1.2M (versus A\$1.9M at 30 June 2023) and unused finance facilities available of A\$1.8M as at 30 June 2023.*
- *Our Canadian footprint continued to expand with the addition of Kitchener, Ontario, bringing the total number of Canadian cities to 11, utilising SenSen’s Live Awareness AI platform.*
- *SenSen announced a fully underwritten Non-renounceable Rights Issue to raise approximately A\$2.09M to fund materials purchases and other working capital required to deliver a significant, multi-year contract with an Australian based customer and other key projects.*
- *Post quarter end, SenSen announced that the Federal Court of Australia and the Republic of the Philippines Regional Trial Court proceedings commenced by Angel Group Co., Ltd and its related companies, whereby it was alleged that SenSen had infringed Angel’s patents have been settled on a without admissions basis.*
- *Additionally, SenSen and Angel have entered into a Placement Agreement pursuant to which Angel has subscribed for 45 million ordinary shares in SenSen at A\$0.04 per Share to raise a total of A\$1.8M.*

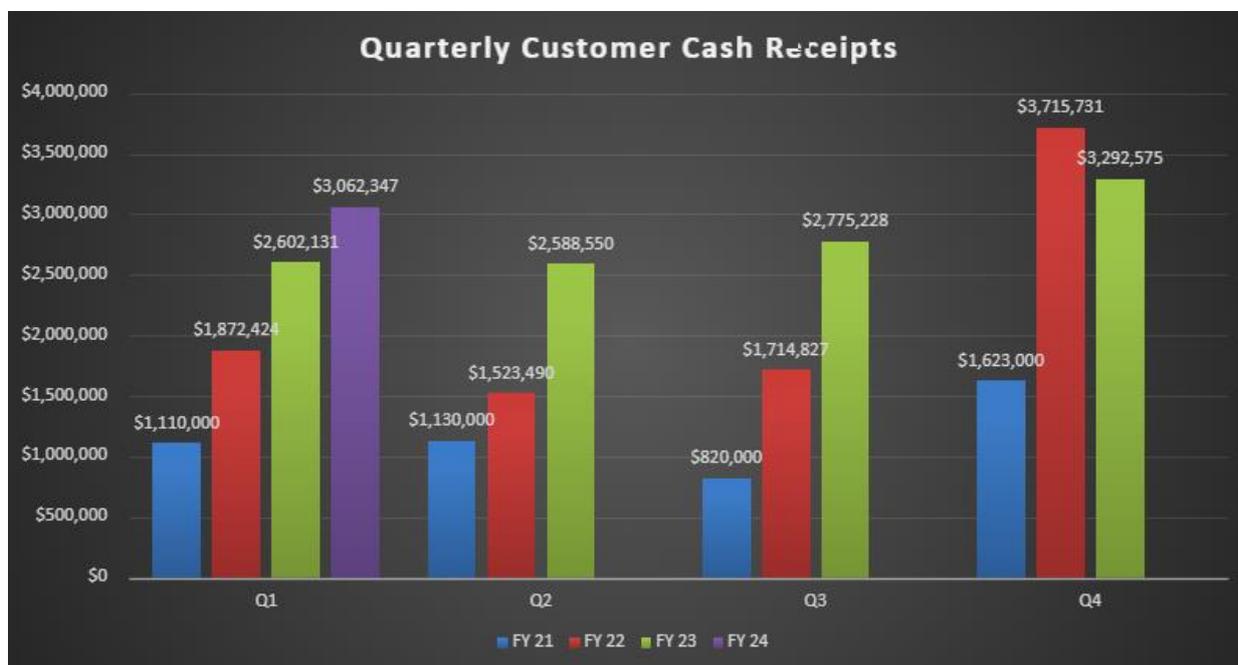
Financial update

SenSen delivers another record cash-receipts over PCP, with ~18% PCP growth in total customer cash receipts from A\$2.6m in FY 2023 to A\$3.1m in FY 2024.

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Note: Coloured bars in chart above identify quarterly customer cash receipts in different years

SenSen reported Net Cash from Operating Activities of (A\$1.1M) during the quarter, which included A\$0.4m restructuring costs related to the completion of the integration of Scancam onto the SenSen platform. SenSen finished the quarter with A\$1.2M of cash and cash equivalents, and unused finance facilities of A\$1.8M.

FY23 Financial Results

During the quarter the company released its audited Financial Results to the market.

The Company reported achieving record revenues in FY23 of A\$10.8M with 18% growth year-on-year proforma basis, along with profitability improving by 39% with losses reducing from A\$12.1M to A\$7.4M as the company transitioned its operating model to a lower cost, efficient and scalable model.

SenSen's ongoing near-zero churn rate and a customer net retention rate (NRR) of 95% reflect the value achieved through ongoing customer relationships with a continually growing portfolio of global smart cities, fuel retailers, infrastructure providers and others. The operating loss represents a 39% improvement on the prior year loss underscoring the company's aggressive cost management combined with strong revenue growth. Staff costs reduced by \$0.8M or 10% despite most headcount reductions taking place mid-year with further reductions post year end, thus setting the company up for further advances towards profitability going forward. Gross margin improved by 7% from 62% to 69% showing the benefits of continued growth in recurring revenue.

The Company recorded a net operating cash outflow for the year of A\$4.8M down from A\$7.9M driven by record customer receipts of A\$11.2M (FY22: A\$8.9M) and a reduction in

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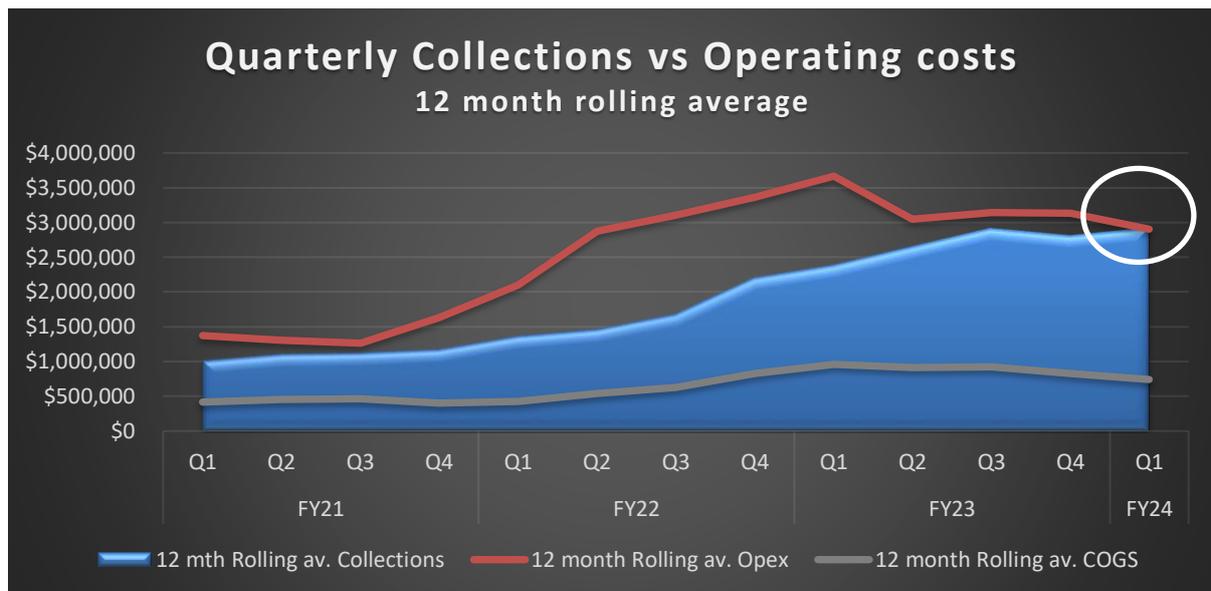


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payments to suppliers and employees to A\$17.8M down from A\$18.6M. Actions taken in Q2 FY23 to restructure the business to improve internal efficiencies have re-set the trajectory of operating cost outflows. This lower ongoing cost base - combined with a leaner, more efficient organisation and continued strong revenue growth - puts the Company's objective of achieving cash flow positivity in FY24 within sight.

Reaching an inflection point

For the first time, in Q1 FY24, the Company achieved a critical inflection point where customer cash receipts on a 12-month rolling basis exceeded operating costs on the same basis. As previously announced, the Company has been strategically targeting this inflection with transformational changes in the business over the last 18 months, and with further adjustments in Q1 due to the integration of the Scancam business into the SenSen platform, the pace of this cross-over is set to accelerate in coming months. The achievement of this inflection is a reflection of the Company's efforts over the last 18 months to mould the business into a more efficient and mature organisation and sets the platform for sustainable growth going forward.



The multi-quarter moving average trend above clearly shows that the blue line (customer cash receipts) is getting closer to cross over the red (opex) and is poised to drive the company to cash-flow positive territory in FY2024.

Non-Renounceable Entitlement Offer

On 11 October 2023, the Company announced the launch of a A\$2.09 million entitlement offer of new fully paid ordinary shares (New Shares) at an offer price of A\$0.04 per New Share. Proceeds of the Entitlement Offer are to be used for costs of goods required to fulfill a significant, multi-year contract with an Australian based government customer. SenSen will allocate approximately \$900,000 from the proceeds of the Entitlement Offer for costs of goods required for this contract with the balance funds used to expedite other new smart city orders received during the last quarter requiring material COGS, and for general working capital requirements of SenSen. SenSen notes that the Contract remains subject to

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Sydney: 3 Spring Street, Sydney NSW 2000

Las Vegas: Office #8, International Innovation Center, 300 South 4th St, Suite 180, Las Vegas NV 89101

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finalisation and once finalised, it will immediately announce the Contract to the market and name the counterparty, as required under ASX Listing Rule 3.1

The Entitlement Offer is comprised of a fully underwritten 1-for-13 pro rata accelerated non-renounceable entitlement offer of New Shares to raise gross proceeds of approximately A\$2.09 million. The Directors and management team of SenSen that hold SenSen Shares intend on taking up their full entitlement under the Entitlement Offer, equating to approximately A\$500,000.

It is expected that approximately 52,442,066 New Shares will be issued under the Entitlement Offer (comprising approximately 7.7% of SenSen's existing issued capital). The Entitlement Offer is fully underwritten by Ankla Pty. Ltd., an entity within the Mizikovsky Group, SenSen's largest shareholder.

Exiting Casino Gaming Business

On 27 October, SenSen announced that the Federal Court of Australia and the Republic of the Philippines Regional Trial Court proceedings commenced by Angel Group Co., Ltd and its related companies, whereby it was alleged that SenSen had infringed Angel's patents have been settled on a without admissions basis. SenSen had vigorously defended the Proceedings. The Proceedings will be dismissed with the parties to bear their own costs.

Under the terms of the settlement agreement with Angel (Settlement Agreement) it has been agreed SenSen will transfer certain customer contracts in the casino market to Angel; SenSen will transfer certain intellectual property rights owned by SenSen, relating to the gaming industry, to Angel; SenSen is free to provide parking and smart surveillance solutions (excluding gaming table monitoring) to casino properties; and SenSen and Angel will release each other in relation to claims and possible claims.

As previously disclosed to the market, the gaming component of SenSen's business reflects less than 10% of its annual revenue. The transfer of these assets reflects the go forward strategy of SenSen to exit the gaming industry and focus entirely on the Company's Smart Cities global expansion and rapid growth.

In addition to the above, SenSen and Angel have entered into a placement agreement (Placement Agreement) pursuant to which Angel has subscribed for 45 million ordinary shares in SenSen (Subscription Shares) at A\$0.04 per Subscription Share to raise a total of A\$1.8 million. The Subscription Shares will be issued once the Proceedings have been dismissed.

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

About SenSen Networks Limited

An innovator in smart urban management solutions, SenSen leads the way in AI technology with the pioneering Live Awareness AI Platform. This revolutionary system analyzes data from cameras and sensors in real-world spaces, seamlessly integrating it with contextually significant digital enterprise data for a safer and more efficient global landscape.

SenSen's solutions are alleviating traffic congestion, enhancing road and personal safety, and elevating urban life in prominent cities like Chicago, Las Vegas, Vancouver, Calgary, Singapore, Adelaide, and Brisbane. Additionally, the company's AI-driven technology is generating substantial annual savings for major fuel retail brands, including AMPOL, Chevron, Liberty, and Woolworths.

For more information on SenSen's innovative live awareness AI solutions, please visit www.sensen.ai.

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")

September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,062	3,062
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(735)	(735)
(c) advertising and marketing	(102)	(102)
(d) leased assets		
(e) staff costs	(2,193)	(2,193)
(f) administration and corporate costs	(1,081)	(1,081)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(37)	(37)
1.6 Income taxes paid	(47)	(47)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,071)	(1,071)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(26)	(26)
(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 (12 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	(7)	(7)
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(33)	(33)
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	740	740
3.6	Repayment of borrowings	(200)	(200)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(102)	(102)
3.10	Net cash from / (used in) financing activities	438	438
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,898	1,898
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,071)	(1,071)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(33)	(33)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	438	438

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	5	5
4.6	Cash and cash equivalents at end of period*	1,237	1,237

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	370	975
5.2	Call deposits	867	923
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)	1,237	1,898

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	(564)
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	5,309	3,502																																								
7.2	Credit standby arrangements																																										
7.3	Other (please specify)																																										
7.4	Total financing facilities	5,309	3,502																																								
7.5	Unused financing facilities available at quarter end		1,807																																								
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>Interest rate</th> <th>Facility</th> <th>Drawn</th> </tr> </thead> <tbody> <tr> <td>CBA Credit Cards</td> <td>17.57%</td> <td>\$100,000</td> <td>\$199</td> </tr> <tr> <td>CBA Business Loan</td> <td>7.82%</td> <td>\$450,000</td> <td>\$450,000</td> </tr> <tr> <td>CBA Overdraft</td> <td>9.00%</td> <td>\$225,000</td> <td>-</td> </tr> <tr> <td>Subtotal</td> <td></td> <td>\$775,000</td> <td>\$450,199</td> </tr> <tr> <td>Rocking Horse R&D Facility</td> <td>15.00%</td> <td>\$1,900,000</td> <td>\$1,900,000</td> </tr> <tr> <td>Director Loans</td> <td>7.47%</td> <td>\$834,000</td> <td>\$834,000</td> </tr> <tr> <td>TP24 Trade Facility</td> <td>11.90%</td> <td>\$800,000</td> <td>\$317,973</td> </tr> <tr> <td>Loan Facility from Speedshield</td> <td>8.32%</td> <td>\$1,000,000</td> <td>-</td> </tr> <tr> <td>Total</td> <td></td> <td>\$5,309,000</td> <td>\$3,502,172</td> </tr> </tbody> </table>	Financing Facilities	Interest rate	Facility	Drawn	CBA Credit Cards	17.57%	\$100,000	\$199	CBA Business Loan	7.82%	\$450,000	\$450,000	CBA Overdraft	9.00%	\$225,000	-	Subtotal		\$775,000	\$450,199	Rocking Horse R&D Facility	15.00%	\$1,900,000	\$1,900,000	Director Loans	7.47%	\$834,000	\$834,000	TP24 Trade Facility	11.90%	\$800,000	\$317,973	Loan Facility from Speedshield	8.32%	\$1,000,000	-	Total		\$5,309,000	\$3,502,172		
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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,071)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,237
8.3	Unused finance facilities available at quarter end (item 7.5)	1,807
8.4	Total available funding (item 8.2 + item 8.3)	3,044
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.8
	<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.

31 October 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.