

Quarterly Report



sensen.ai

the Live Awareness platform

Activities Report for the Quarter ended
31 March 2024

30 April 2024

SenSen Implements Major Cost Restructure

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 31 March 2024 (Q3 FY24).

Highlights

- *Following changes announced to the business cost structure in January 2024, 44 staff left the business during Q3 bringing global headcount down to 74 staff.*
- *SenSen’s most significant deployment to date of 22 vehicles and 5 trailers for NHVR is 80% complete with most of the upfront cash receipts received in April 2024 and the balance expected to be received prior to 30 June 2024.*
- *As reported in the Q2 FY24 quarterly update, the one-off costs linked to such business restructuring and COGS costs linked to NHVR contract would result in a cash-flow negative Q3. The net cash flow from operations of (\$2.1M) in Q3 FY24 is in line with Q2 guidance.*
- *Despite the significant one-off costs incurred in Q3 FY24, YTD operating cash flows of (\$1.5M) outflow improved \$2.1M (57%) over PCP, with YTD cash receipts of \$8.4M up \$0.4M over the same period.*
- *Additional future cost savings have been identified and actioned, including changing SenSen’s auditor currently in process and savings linked to cloud and IT cost optimisations.*
- *Major restructuring changes are now largely complete allowing the company to operate with lower cost base and growing revenues as it targets sustainable cash flow positivity from Q4 2024.*
- *SenSen is pleased to update that despite the staff reductions, the Company continued to grow the business with 6 new city customer wins in North America, and additional orders from 5 existing smart city customers within this quarter.*
- *In addition, adoption of SenSen’s AI-powered fuel theft reduction solution grew substantially in the quarter, increasing our footprint from 400+ fuel retail outlets at the beginning of FY 2024 to over 600+ outlets now. This equates to over 10% of all fuel stations operating in Australia and we expect further rapid growth in this sector.*
- *SenSen undertook a formal Board review process and continued the search for an independent non-executive chairperson. David Smith has stepped down from his role of the Executive Director & COO. He continues to provide his services as a non-executive director.*

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

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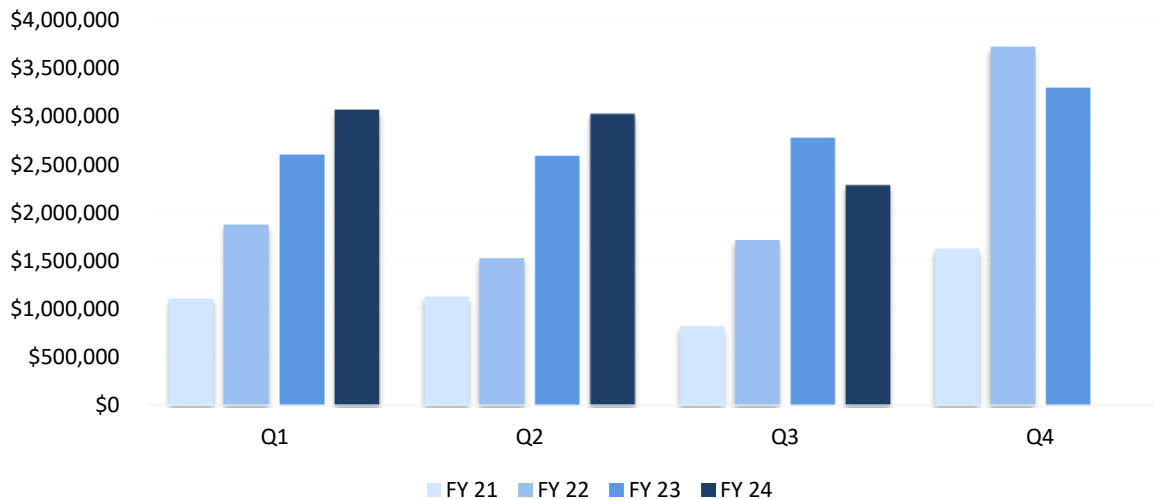
Financial update

SenSen's focus for the last quarter has been on implementing business restructuring to drive the company to cash flow positivity by reducing costs without impacting our ability to deliver on projects and to grow the business.

YTD operating cashflows of (\$1.5M) outflows have improved \$2.1M over PCP outflows of (\$3.6M). This improvement reflects actions taken over the last year to drive down costs and redefine the SenSen operating model, while at the same time delivering an increase of collections of \$0.4M over the same period. Operating costs have reduced \$1.2M YTD vs PCP.

In the quarter the company delivered cash receipts of A\$2.3M, with an 18% PCP decline in total customer cash receipts from A\$2.8M in Q3 FY 2023. This deviation is largely due to the back-ended nature of the National Heavy Vehicle Regulator (NHVR) contract, whereby most payments will be received only once the system has been accepted by the customer. This is further explained in the NHVR contract update below with most receipts expected to be received in Q4 FY24, historically the company's strongest quarter.

Quarterly Customer Cash Receipts



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

SenSen reported Net Cash from Operating Activities of negative (A\$2.1M) during the quarter. SenSen finished the quarter with A\$1.2M of cash and cash equivalents, and unused finance facilities of A\$1.8M.

As noted in Item 6 of the Company's Appendix 4C Cashflow Statement, payments made to related parties and their associates totalled A\$0.9M for the quarter. The payments comprise intercompany transfer of funds to SenSen VBI Pvt Ltd (India) and were higher than normal

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due to the payments covering four months of India expenses rather than the normal three, as well as final payments for India-based staff made redundant in the quarter.

Transition to a self-sustaining business

As reported in the Q2 quarterly update, the impact of the restructuring of the business and timing of NHVR cashflows was expected to result in a cash-flow negative Q3 as the changes essential for delivering long-term profitability were implemented. This included restructuring the executive team and streamlining the company's Indian operations. Costs incurred in undertaking these activities were approximately \$0.5M. These changes are now largely complete and allow the company to enter Q4 with a lower cost business as it targets sustainable cash flow positivity. The resultant lower cost base is expected to be visible in Q4 as many staff impacted by the changes were still present in the business until late in the quarter.

Headcount reductions include 39 in India, 4 in Australia and 1 in the USA, and reflect a focus on customer delivery and a pivotal shift away from software development. Headcount currently sits at approximately 74, down from a high of over 200 as shown below.

Closing headcount	Jun 22	Dec 22	Jun 23	Dec 23	Mar 24
Australia	45	33	32	26	22
India	145	110	95	85	46
North America & Asia	16	13	9	7	6
Total	206	156	136	118	74

Headcount is a significant driver of the company cost base, and the benefits of reductions generally follow the quarter in which reductions are made. Further optimisation of costs linked to patents, legal, IT and travel also contribute to the revised cost base.

Additionally, SenSen's annual audit costs will significantly reduce commencing from the full-year FY24 audit, once the current process underway to change auditor has been completed.

National Heavy Vehicle Regulator (NHVR) Contract Update

On 22 November 2023, SenSen executed a highly significant contract with the NHVR for an initial 22 vehicles and 5 trailers to monitor heavy vehicle safety. This project is one of the most significant SenSen has delivered to date and involved a significant upfront capital investment, alongside a co-ordinated effort by the SenSen team to deliver the project.

Despite some initial delays in receiving vehicles upon which to install the hardware required to operate the system, the project has proceeded smoothly and the system is currently operational on 19 vehicles and 5 trailers, in addition to the 5 existing systems. The company is on track to deliver the remaining systems early in Q4. Since October 2021, SenSen has been delivering rapidly deployable AI solutions to the NHVR for monitoring heavy vehicle compliance.

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Interactive Investor Hub Launched

In order to further improve engagement with the investor community, SenSen has recently launched the company's new interactive Investor Hub.

For both existing and prospective shareholders, the new SenSen Investor Hub hosts the latest company announcements, reports and presentations. It also provides an interactive online experience allowing the SenSen investor community to comment on and ask the SenSen team questions regarding company news and information via the portal.

The Investor Hub can be found under the investor section of the company's website at ***sensen.ai***.

North America Update

SenSen's partnership with Canadian company Gtechna continues to provide a blueprint for operations in the region. Gtechna has a strong pipeline of parking solution projects throughout both Canada and the USA which SenSen has been engaged to deliver. The company is currently working to deliver five additional cities in the region in partnership with Gtechna as well as receiving new SenForce orders from 3 US cities and 3 additional Canadian cities through the Gtechna partnership. It is hoped that in time the newly signed partnership with BlueSystems will achieve similar traction.

As reported in the Guardian and SFGate during the quarter, the company recently undertook a trial with the City of San Jose, California, which has been reported as the first of its type. In this trial SenSen's software was trained to detect vehicles which were being used as housing, alongside a number of new and existing use cases for the software. SenSen believes it has a competitive advantage in curbside management due to the flexible nature of the SenSen system which dates back to the system's initial development as a configurable solution that can be trained to perform a wide variety of tasks rather than being built with a single use case in mind.

Recent press on this trial can be found at the following locations:

<https://www.theguardian.com/technology/2024/mar/25/san-jose-homelessness-ai-detection>

<https://www.sfgate.com/tech/article/san-jose-ai-camera-homeless-people-19370144.php>

In April 2024 the Company will be attending the International Security Conference (West) trade event, largest converged security trade event in the US.

This release is approved by the Board of SenSen.

For further information, please contact:

Christian Stevens
Company Secretary
Email: info@sensen.ai

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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.

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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")

March 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,308	8,394
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(878)	(2,322)
(c) advertising and marketing	(94)	(278)
(d) leased assets		
(e) staff costs	(1,885)	(5,812)
(f) administration and corporate costs	(1,547)	(3,644)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	17
1.5 Interest and other costs of finance paid	(31)	(361)
1.6 Income taxes paid	(11)	(74)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	2,539
1.9 Net cash from / (used in) operating activities	(2,138)	(1,541)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	-	(25)
(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 (9 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	(7)	(33)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,098
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	-	(87)
3.5	Proceeds from borrowings	812	2,359
3.6	Repayment of borrowings	(273)	(3,331)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(46)	(200)
3.10	Net cash from / (used in) financing activities	493	838
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,840	1,898
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,138)	(1,541)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(33)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	493	838

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	3	29
4.6	Cash and cash equivalents at end of period*	1,191	1,191

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	424	2,074
5.2	Call deposits	767	767
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)	1,191	2,840

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	(886)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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	4,025	2,188																																				
7.2 Credit standby arrangements																																						
7.3 Other (please specify)																																						
7.4 Total financing facilities	4,025	2,188																																				
7.5 Unused financing facilities available at quarter end		1,837																																				
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 Business Loan</td> <td>8.07%</td> <td>\$450,000</td> <td>\$450,000</td> </tr> <tr> <td>CBA Overdraft</td> <td>9.00%</td> <td>\$225,000</td> <td>\$136,504</td> </tr> <tr> <td>Subtotal</td> <td></td> <td>\$775,000</td> <td>\$586,504</td> </tr> <tr> <td>Rocking Horse R&D Facility</td> <td>15.00%</td> <td>\$1,050,000</td> <td>\$1,050,000</td> </tr> <tr> <td>Director Loans</td> <td>7.47%</td> <td>\$500,000</td> <td>\$432,723</td> </tr> <tr> <td>TP24 Trade Facility</td> <td>12.15%</td> <td>\$800,000</td> <td>\$119,205</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>\$4,025,000</td> <td>\$2,188,432</td> </tr> </tbody> </table>			Financing Facilities	Interest rate	Facility	Drawn	CBA Business Loan	8.07%	\$450,000	\$450,000	CBA Overdraft	9.00%	\$225,000	\$136,504	Subtotal		\$775,000	\$586,504	Rocking Horse R&D Facility	15.00%	\$1,050,000	\$1,050,000	Director Loans	7.47%	\$500,000	\$432,723	TP24 Trade Facility	12.15%	\$800,000	\$119,205	Loan Facility from Speedshield	8.32%	\$1,000,000	-	Total		\$4,025,000	\$2,188,432
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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)	(2,138)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,191
8.3 Unused finance facilities available at quarter end (item 7.5)	1,837
8.4 Total available funding (item 8.2 + item 8.3)	3,028
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.4
<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?	
<p>Answer: No, Q3 cash inflows were unusually low due to the back ended nature of the Company's agreement with NHVR. The company expects the majority of cash inflows related to the delivery of 22 vehicles and 5 trailer mounted systems in Q4.</p>	

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: The Company does not believe this is necessary due to the Q4 windfall expected from the delivery of the abovementioned 27 systems to NHVR in Q4.

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: Yes. The majority of cost and effort in delivering the NHVR contracted 27 systems has been incurred in Q3, while the benefits will flow in Q4. The Company was aware of this timing lag when it elected to raise capital in Q2 to fund the working capital requirement for delivering such a significant project.

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.

30 April 2024

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

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

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.