Quarterly Report

Activities Report for the Quarter ended
30 September 2020

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29 October 2020

Leading Smart Cities and 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 2020.

Financials

- *Continued positive momentum delivering cash inflows from operations of ~ $1.455M in the September 2020 Quarter:*
    - *Customer cash receipts of ~A$1.1M – third consecutive quarter of $1M+ revenue in last 12 months*
    - *R&D tax credits amounting to $355K*
- *Cash position closed at ~A$2.3M at the end of September 2020 Quarter*
- *SenSen maintains confirmed contracted revenues of over A$5.6M in FY 2021, with new customers being added in the September quarter despite some COVID-19 related delays to the commencement of the recurring revenue component of existing contracts*
- *SenSen re-affirms its June 2020 Quarter guidance that it is likely to be profitable and cashflow positive in FY 2021*
- *As part of the company's US market push after customer wins in the region, the company was listed on the OTCQB venture market, trading with the ticker symbol "SNNSF"*

Strong sales momentum

- *Total additional contracts and orders acquired in the September Quarter from existing customers, POCs and new customers amount to approximately A$650K in upfront and ~A$177K in Annual Recurring Revenues, locked in via multi-year contracts.*
- *Five new Smart City customers were all acquired via our distribution partners, with more expected to follow in the coming months. Commencing in FY 2021, SenSen is supplying the following new customers a range of services, including SenFORCE mobile parking enforcement, SenSIGN audit solution, as well as Gemineye mobile and fixed deployments:*
    - *Port Stephens Council (NSW) – through our partner Duncan Solutions*
    - *National Capital Authority (ACT) – through our partner Duncan Solutions*

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- *Nelson City Council (NZ) – through our partner ITS Global Parking Solutions*
- *Hills Shire Council (NSW) – acquired in collaboration with our partner SCS*
- *Lumley Centre (NZ) - through our partner Imperium IQ*

- *The following existing customers continue to expand their services via additional orders for enhanced SenSen technology functionality:*
  - *City of Gold Coast; City of Brisbane (QLD); and others*
  - *National Parks of NSW*
  - *Transport for NSW (TfNSW)*
  - *Singapore Land Transport Authority*
  - *Existing Casino Customers*
- *Established strong sales pipeline and growth strategy:*
  - *SenSen is participating in several paid POCs and trials with customers from around the world including the following trials underway:*
    - *Distracted driver detection and enforcement, Queensland Department of Transport and Main Roads*
    - *School zone safety monitoring and enforcement, City of Canterbury-Bankstown in NSW*
    - *Extended trials by Chicago Parking Meters in Chicago, for wider range of products and solutions offered by SenSen*
    - *Other POCs involving TfNSW, Adelaide City Council and ST Engineering in Singapore*
  - *Several other free POCs in Casinos are underway with a target to complete testing and preparatory work as casino markets open up globally*
  - *Many of the above-mentioned POC trials are expected to convert into long-term commercial contracts in the coming months*
  - *Currently have 20+ sales distribution channels globally with strong expected new customer take-up over FY 2021*
  - *Plans developed to rapidly increase the distribution network and direct product marketing in the coming months to further accelerate sales momentum.*

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Strong Marketing Push

- *Developed a comprehensive strategy for corporate communications with tailored messages to different stakeholders of SenSen with a significant focus on attracting new investors to SenSen from both Australia and the USA.*
- *Enhanced the Company's PR profile, resulting in coverage from mainstream media including Channel 9 News, Financial Review, AusBizTV and others.*
    - *Channel 9 News:* https://twitter.com/9newssyd/status/1316283561633345536?s=10%E2%80%A6
    - *Financial Review:* *https://www.afr.com/technology/pandemic-could-triple-the-value-of-ai-20200903-p55ryg*
    - *AusBizTV: https://media.ausbiz.live/4c171cf9-9759-4302-9500-2b0cc3583f17/embed*
- *Updated SenSen's website and positioning statements, including details of the Company's core IP, the SenDISA platform, and potential to deliver disruptive innovations across multiple and diversified market segments.*

R&D Initiatives – Significant investments into R&D underway

- *SenSen's Vision Zero product platform – the next generation road safety product line*
- *New features to address anti-money laundering applications within the Casino market*
- *New patents submitted to cover inventions in Smart City and casino applications*
- *New COVID-19 related technology developments for monitoring of social distancing measures, people counting, compliance verification of occupancy in buildings, and parking traffic management.*
- *Signed an MOU with Australian company ACE Electric Vehicles Group to develop autonomous driving capabilities for their electric vehicles and progress SenSen's deep AI and sensor analytics R&D program for commercial adoption in the EV market.*

Operations Update

- *Continue to successfully deliver on customer projects around the world, including City of Las Vegas, and grow the business with over 90% of SenSen staff working remotely*
- *Existing casino customers continue to roll out SenSen solutions on additional tables with new and enhanced features.*

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For further information, please contact:

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About SenSen Networks Limited
SenSen is focused principally on the development, commercialisation and supply of innovative, data-driven business process enhancement solutions, designed to assist customers in their business operations and significantly improve business efficiency and productivity.

SenSen provides video analytics and artificial intelligence data analytics software solutions to customers in the intelligent transportation systems and gaming sectors located in Australia, the US, Canada, Singapore, New Zealand, Europe, 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.

Appendix 4C

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

Name of entity

SENSEN NETWORKS LIMITED

ABN	**Quarter ended ("current quarter")**
67 121 257 412	September 2020

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	1,099	1,099
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(452)	(452)
	(c) advertising and marketing	(103)	(103)
	(d) leased assets		
	(e) staff costs	(850)	(850)
	(f) administration and corporate costs	(578)	(578)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(10)	(10)
1.6	Income taxes paid	(13)	(13)
1.7	Government grants and tax incentives	355	355
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(552)**	**(552)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(c) property, plant and equipment	(96)	(96)
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
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**	**(96)**	**(96)**

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	500	500
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings	9	9
3.8	Dividends paid		
3.9	Other (provide details if material)	(50)	(50)
3.10	**Net cash from / (used in) financing activities**	**459**	**459**

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Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,463	2,463
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(552)	(552)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(96)	(96)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	459	459
4.5	Effect of movement in exchange rates on cash held	15	15
4.6	**Cash and cash equivalents at end of period**	**2,289**	**2,289**

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	1,504	1,688
5.2	Call deposits	784	775
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)**	**2,289**	**2,463**

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	198
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.

The amount in item 6.1 comprises an intercompany transfer of funds to SenSen VBI Pvt Ltd, India, to fund working capital during the quarter ended 30 September 2020.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	3,215	1,790
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	**3,215**	**1,790**

7.5	**Unused financing facilities available at quarter end**	**1,425**

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.

Cash flow facility and credit cards of $775K available from Commonwealth Bank of which $450K is currently drawn down. Related parties of CEO, Subhash Challa, have executed an arms-length loan arrangement in the sum of ~A$400k, at a 4.95% interest rate of which ~$400K is currently drawn down.

A short-term working capital loan of $940K was agreed with Rocking Horse Nominees Pty Ltd of which $940K is currently drawn down. This loan is expected to be paid back in full through a Research and Development grant via the Company's tax return for 30 June 2020.

This also includes a low-interest A$1M loan facility (as announced on 31 October 2019), provided by related parties of long-term SenSen strategic investor, Speedshield Technologies Pty Ltd, for working capital – which remains undrawn and only incurs interest when drawn on.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(552)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,289
8.3	Unused finance facilities available at quarter end (item 7.5)	1,425
8.4	Total available funding (item 8.2 + item 8.3)	**3,714**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**6.7**

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.

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:

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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.

29 October 2020

Date: .....

By the Board

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.

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