

Quarterly Report



Activities Report for the Quarter ended
31 March 2021

30 April 2021

SenSen Secures Recurring Revenue as International Capital Raise Builds Sales Momentum Across Global Markets

Melbourne, Australia – 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 31 March 2021 (Q3 FY21).

Highlights:

- *Raised A\$7.1M early in the quarter via Placement to fund the Company’s accelerated revenue growth plans.*
- *Capital raise demonstrates institutional and professional investor support of SenSen’s accelerated growth strategy.*
- *Following two record quarters of cash inflows, SenSen continued its year-on-year growth momentum and received customer receipts of ~A\$820K in the March quarter - ~9% increase over the previous corresponding period (A\$755K in March 2020 Qtr).*
- *Strong growth initiatives combined with disciplined expense management leads to an expected full year YoY increase of revenue in excess of 40% while keeping expense growth to less than 11%.*
- *Continued to establish strong sales pipeline through the quarter including establishing new channel partners globally, responding to multiple global tenders and participation in proof-of-concept trials across the globe.*
- *All clients have renewed their contracts including City of Brisbane, City of Calgary, City of Edmonton, Changi International Airport and multiple smart surveillance analytics customers of recently acquired SNAP Network Surveillance continuing SenSen’s track record of zero churn and strong Annual Recurring Revenues.*
- *In addition, several new orders for smart surveillance were received from Singapore.*
- *Post reporting period, new orders were received from City of Brisbane and Chicago Parking Meters for additional systems and services driving strong revenue growth in FY22 and beyond.*

Quarterly Report



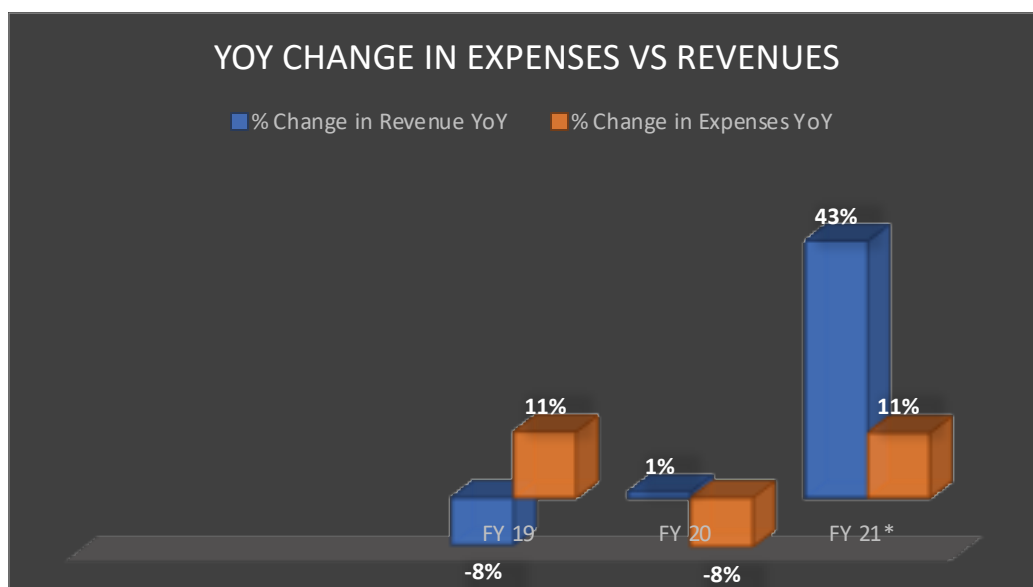
Activities Report for the Quarter ended
31 March 2021

- Updated guidance for FY22, driven by renewed contracts, new and additional orders and a strong sales pipeline - total revenue of \$8.1M and Annual Recurring Revenue of \$4.5M.
- Additional orders above and beyond those already announced and part of our sales pipeline is likely to further increase these numbers.
- Ended the quarter with A\$6.6M cash at bank.

SenSen CEO Dr. Subhash Challa said, “I am delighted to welcome our new investors and extend my thanks to our existing professional and institutional shareholders who have supported us on our accelerated growth journey”.

Financials

As it currently stands, SenSen estimates projected revenue for FY21 to increase by over 40% YoY from previous years, with increases in operating expenses sitting at 11%. This is a strong performance through COVID-19 and SenSen expects further positive momentum for FY22 and beyond. This is a clear momentum change compared to previous years as shown in the chart below.



Note: * FY21 numbers are unaudited and based on forecasts at 30 April 2021.

“Our pipeline is now reinforced with significant recurring revenue contracts as a result of our strong Q3 performance. In a post-pandemic world, we see significant potential to expand revenues in the US and other geographies,” said Dr Challa.

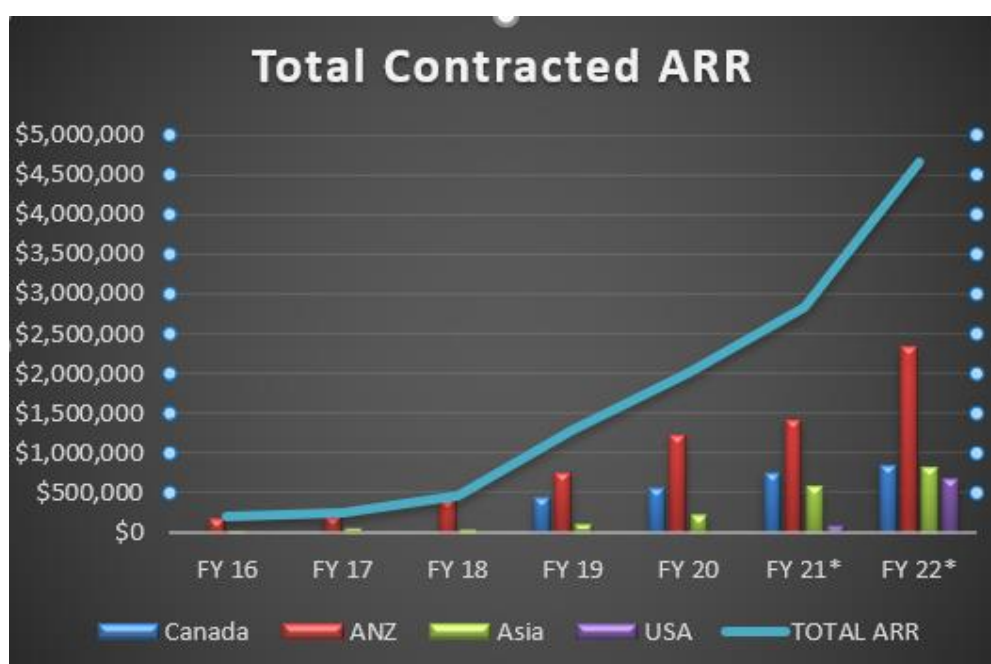
Quarterly Report



Activities Report for the Quarter ended
31 March 2021

Subsequent to the quarter's closure, we released our North American Operations and Expansion Update, where we have noted a strong positive upswing in recurring customer revenue. Currently, SenSen's ARR flowing in from our American and Canadian operations exceeds A\$1.5M per annum from FY22 and is likely to fund all our marketing, sales and operational expenses for North America. This is a great result as it lays strong foundations for growth into the future.

Continuing this strong revenue momentum, SenSen is pleased to provide overall revenue guidance for FY22 of ~A\$8.1M and ARR of \$4.5m based on current confirmed orders and trials underway across SenSen's global operations. Additional orders above and beyond the ones already announced and part of our sales pipeline are likely to further increase these numbers.



Note: * FY21 and FY22 numbers are unaudited and based on existing contracts and trials at 30 April 2021

Early in the quarter, SenSen successfully raised A\$7.15M via placement to fund accelerated growth plans in the USA.

SenSen received cash receipts from customers in Q3 2021 of A\$820k a ~9% increase over the previous corresponding period (A\$755K in March 2020 Qtr), Operating cash outflow for the quarter was A\$1.77M, which is a 9% improvement over the March 2020 quarter, despite SenSen's investment in sales and marketing resources since January 2021.

Quarterly Report



Activities Report for the Quarter ended
31 March 2021

As noted in Item 6 of the Company's Appendix 4C Cashflow Statement, payments made to related parties and their associates totalled \$731K for the quarter. The payments comprise an intercompany transfer of funds to SenSen VBI Pvt Ltd, India and SenSen Networks Inc., USA to fund working capital and includes a \$130K repayment of the CEO Loan, during the quarter ended 31 March 2021. On 31 March 2021, SenSen finished the quarter in a strong position with A\$6.6M cash at bank.

Business operations update

During the quarter, the Company focused on expanding North American operations in line with accelerated growth plans.

Expansion costs incurred through Q3 FY21 were an investment in establishing its US headquarters in Las Vegas and talent acquisition, as outlined in the North American Operations Update on 22 April 2021.

SenSen's North American team now constitutes six staff with four more to join the team before the end of June 2021, including an additional senior sales executive focused on the Smart Cities market and customer support.

SenSen's revenue base in North America now completely funds operations in the US and Canada, providing a strong platform for organic growth as the US economy re-emerges from the impacts of COVID-19 shutdown.

In addition to taking over organic opportunities via the Snap Networks Surveillance acquisition, SenSen's stable of flagship North American customers including Las Vegas, Chicago, Calgary and Edmonton, demonstrates a stable, high-reference client base to further accelerate growth in sales in the region.

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Media contact:
Evonne Grosso, WE Communications
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About SenSen Networks Limited

SenSen is focused principally on the development, commercialization 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.

Quarterly Report



Activities Report for the Quarter ended
31 March 2021

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

67 121 257 412

Quarter ended ("current quarter")

March 2021

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		821	3,053
1.2 Payments for			
(a) research and development			
(b) product manufacturing and operating costs		(392)	(1,297)
(c) advertising and marketing		(11)	(137)
(d) leased assets			
(e) staff costs		(1,352)	(3,245)
(f) administration and corporate costs		(831)	(2,155)
1.3 Dividends received (see note 3)			
1.4 Interest received		3	3
1.5 Interest and other costs of finance paid		(31)	(124)
1.6 Income taxes paid		(18)	32
1.7 Government grants and tax incentives		2	1,618
1.8 Other (provide details if material)		41	84
1.9 Net cash from / (used in) operating activities		(1,768)	(2,168)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities			
(b) businesses			
(c) property, plant and equipment		(75)	(206)
(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		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(75)	(206)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,150	7,150
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	(115)	(115)
3.5	Proceeds from borrowings		880
3.6	Repayment of borrowings	(106)	(1,294)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(53)	(144)
3.10	Net cash from / (used in) financing activities	6,876	6,477
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,540	2,463
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,768)	(2,168)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(75)	(206)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,876	6,477

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	18	26
4.6	Cash and cash equivalents at end of period*	6,592	6,592

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	5,776	765
5.2	Call deposits	816	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)* <i>*On 6 January 2021, SenSen announced it had completed a \$7.15M Placement.</i>	6,592	1,540

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	731
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	2,655	830																											
7.2	Credit standby arrangements																													
7.3	Other (please specify)																													
7.4	Total financing facilities	2,655	830																											
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.																													
There was a final CEO Loan repayment of ~A\$130K in January 2021. The CEO Loan is fully repaid by 30 March 2021.																														
<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>\$380,000</td> <td>\$380,000</td> </tr> <tr> <td>CEO Loan</td> <td>\$500,000</td> <td>\$0</td> </tr> <tr> <td>Loan Facility from Speedshield</td> <td>\$1,000,000</td> <td>\$0</td> </tr> <tr> <td>Total</td> <td>\$2,655,000</td> <td>\$830,000</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	\$380,000	\$380,000	CEO Loan	\$500,000	\$0	Loan Facility from Speedshield	\$1,000,000	\$0	Total	\$2,655,000	\$830,000
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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)	(1,768)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,592
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)	8,417
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	(4.8)
<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:		
N/A		

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

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:

N/A

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:

N/A

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 2021

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.