

ASX PRELIMINARY FINAL REPORT

SenSen Networks Limited

And Controlled Entities

ABN 67 121 257 412

30 June 2023

Lodged with the ASX under Listing Rule 4.3A

Contents

Results for Announcement to the Market	2
Preliminary Consolidated Statement of Profit and Loss and Other Comprehensive Income	4
Preliminary Consolidated Statement of Financial Position	5
Preliminary Consolidated Statement of Changes in Equity	6
Preliminary Consolidated Statement of Cash Flows	7
Supplementary Appendix 4E Information	8

This report covers the consolidated entity consisting of SenSen Networks Limited and its controlled entities. The preliminary financial report is presented in Australian dollars.

SenSen Networks Limited Year ended 30 June 2023

Details of the reporting period

Current period: 12 months ending 30 June 2023 (FY23)			
Prior period: 12 months ending 30 June 2022 (FY22)			
RESULTS FOR ANNOUNCEMENT TO MARKET			
		2023	2022
		\$	\$
Revenue from ordinary activities	Up 18% to	10,796,523	9,145,423
Loss after tax attributable to members	Down 39% to	(7,409,184)	(12,075,161)
Total comprehensive loss for the year attributable to owners	Down 40% to	(7,270,512)	(12,101,262)

Dividends

There were no dividends paid or proposed for the period. The Group does not have a dividend re-investment plan.

Commentary on the results for Financial Year 2023

Financial Result

SenSen Networks Limited achieved record revenues in FY23 of \$10.8M with 18% growth year-on-year proforma basis, along with profitability improving by 39% with losses reducing from \$12.1M to \$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 gaming venues.

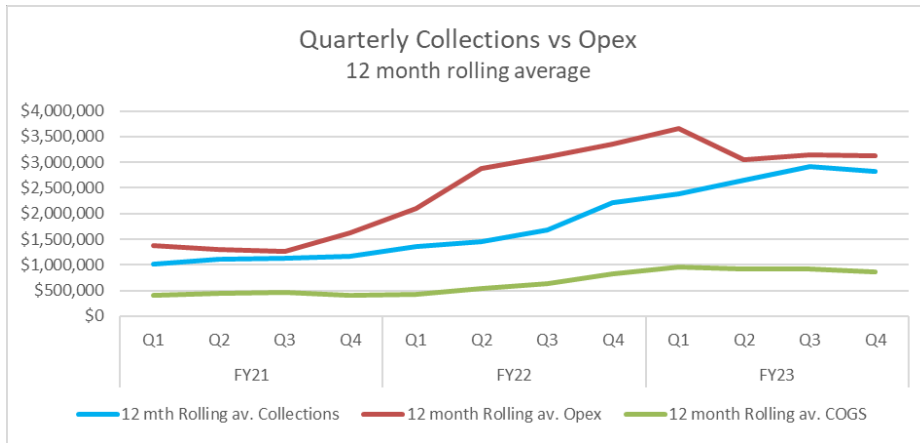
The operating loss represents a 39% improvement on the prior year loss underscoring the company's aggressive cost management combined with strong revenue growth. Staff costs reduced by \$0.8M or 10% despite most headcount reductions taking place mid-year with further reductions post year end, thus setting 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.

Cash flows

The Company recorded a net operating cash outflow for the year of \$4.8M down from \$7.9M driven by record customer receipts of \$11.2M (FY22: \$8.9M) and a reduction in payments to suppliers and employees to \$17.8M down from \$18.6M.

As shown in the chart below, 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.



Other

During the year the Company invested in and launched several new product enhancements which are expected to diversify and grow the revenue base going forward. These include innovations in both software and modelling (AI, large language models) and hardware (solar power, mobile devices) which add significant depth to the Company’s intellectual property position:

- AI Co-Pilot for Mobile Parking Enforcement
- AI and Solar-powered School Zones Enforcement
- AI-powered Fuel Theft Recovery for all service stations
- AI to Code the curb with a smart phone
- Sea Ports AI.

Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2023

		Consolidated	
		2023	2022
	Note	\$	\$
Revenue from contracts from customers			
Sales Revenue	9	10,796,523	9,145,423
Cost of sales		(3,313,999)	(3,512,830)
Gross Profit		<u>7,482,524</u>	<u>5,632,593</u>
Other income		2,528,661	2,977,606
Interest income		7,455	8,632
Expenses			
Administration expense	21	(2,777,050)	(2,083,319)
Advertising and Marketing expense		(501,113)	(816,010)
Finance cost		(470,333)	(262,408)
Occupancy cost		(256,417)	(410,221)
Staff cost		(8,036,954)	(8,868,494)
Technology Costs		(1,627,243)	(1,511,697)
Other expenses	22	(3,420,530)	(3,639,972)
Share based payments		(164,660)	(3,173,353)
Fair value gain/(loss)		(147,859)	(153,565)
Loss before income tax		(7,383,519)	(12,300,208)
Income tax benefit/(expense)		(25,665)	225,047
Net loss for the period		(7,409,184)	(12,075,161)
Loss attributable to members of the parent entity		(7,409,184)	(12,075,161)
		<u>(7,409,184)</u>	<u>(12,075,161)</u>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain/(loss) on translation of foreign controlled entities		138,672	(26,101)
Total other comprehensive income		<u>(7,270,512)</u>	<u>(12,101,262)</u>
Total comprehensive loss for the period attributable to:			
- Members of the parent entity		<u>(7,270,512)</u>	<u>(12,101,262)</u>
Loss per share:			
Basic and diluted loss per share (cents)	7	<u>(1.11)</u>	<u>(1.99)</u>

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Financial Position

As at 30 June 2023

		Consolidated	
	Note	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents		1,897,681	6,213,860
Trade and other receivables	10	1,467,415	1,943,338
Contract assets		424,229	561,671
Inventory		485,731	231,790
Other assets	19	3,011,208	2,440,441
Total Current Assets		7,286,264	11,391,100
Non-Current Assets			
Intangibles		1,689,804	2,649,352
Goodwill		5,632,016	5,632,016
Right of use asset	20	1,295,479	335,780
Other assets		38,720	74,691
Property, plant and equipment	11	396,071	434,666
Total Non-Current Assets		9,052,090	9,126,505
TOTAL ASSETS		16,338,354	20,517,605
LIABILITIES			
Current Liabilities			
Trade and other payables	12	3,200,912	2,687,732
Contract liabilities	12	1,103,746	1,156,667
Contingent consideration liability		887,154	1,362,565
Employee benefits	12	548,435	652,314
Lease liabilities	20	286,880	185,428
Borrowings	13	3,101,458	1,954,375
Total Current Liabilities		9,128,585	7,999,081
Non-Current Liabilities			
Employee benefits	12	224,612	18,577
Lease liabilities	20	1,090,787	182,826
Other liabilities		16,742	-
Total Non-Current Liabilities		1,332,141	201,403
TOTAL LIABILITIES		10,460,726	8,200,484
NET ASSETS		5,877,628	12,317,121
EQUITY			
Issued capital	14	59,906,517	57,856,852
Reserves	15	4,397,166	5,477,140
Accumulated losses	3	(58,426,055)	(51,016,871)
TOTAL EQUITY		5,877,628	12,317,121

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2021	41,649,827	(38,941,710)	3,597,335	6,305,452
Loss for the period	-	(12,075,161)	-	(12,075,161)
Other comprehensive income for the period	-	-	(26,101)	(26,101)
Total comprehensive loss for the period	-	(12,075,161)	(26,101)	(12,101,262)
Transactions with owners in their capacity as owners				
Shares issued during the year	14,939,578	-	-	14,939,578
Transfers from reserves	1,267,447	-	(1,267,447)	-
Share based payments	-	-	3,173,353	3,173,353
Total transactions with owners for the period	16,207,025	-	1,905,906	18,112,931
Balance at 30 June 2022	57,856,852	(51,016,871)	5,477,140	12,317,121
Loss for the period	-	(7,409,184)	-	(7,409,184)
Other comprehensive loss for the period	-	-	138,672	138,672
Total comprehensive loss for the period	-	(7,409,184)	138,672	(7,270,512)
Transactions with owners in their capacity as owners				
Shares issued during the year	623,270	-	-	623,270
Share based payments	-	-	207,749	207,749
Transfer from reserves	1,426,395	-	(1,426,395)	-
Total transactions with owners for the period	2,049,665	-	(1,218,646)	831,019
Balance at 30 June 2023	59,906,517	(58,426,055)	4,397,166	5,877,628

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	Consolidated	
		2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers		11,198,917	8,923,889
Payments to suppliers and employees		(17,835,452)	(18,644,466)
Interest received		7,455	8,632
Finance costs		(342,617)	(125,957)
Government grants received		2,187,484	1,950,640
		<u>2,187,484</u>	<u>1,950,640</u>
Net cash used in operating activities		<u>(4,784,213)</u>	<u>(7,887,262)</u>
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired		-	(1,080,000)
Deposits paid		(40,824)	(107,219)
Purchase of plant and equipment	11	(151,016)	(253,996)
		<u>(151,016)</u>	<u>(253,996)</u>
Net cash used in investing activities		<u>(191,840)</u>	<u>(1,441,215)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	9,996,492
Repayment of lease liabilities		(249,011)	(398,542)
Proceeds from borrowings		2,722,119	2,300,000
Repayment of borrowings		(1,813,234)	(1,180,000)
Transaction cost related to issue of shares		-	(352,076)
		<u>-</u>	<u>(352,076)</u>
Net cash provided by financing activities		<u>659,874</u>	<u>10,365,874</u>
Net increase/(decrease) in cash and cash equivalents		(4,316,179)	1,037,397
Cash and cash equivalents at start of the financial year		6,213,860	5,176,463
		<u>6,213,860</u>	<u>5,176,463</u>
Cash and cash equivalents at end of financial year		<u>1,897,681</u>	<u>6,213,860</u>

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Supplementary Appendix 4E Information

1. Statement of significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by SenSen Networks Limited during the reporting period in accordance with the continuous disclosure requirements of Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The preliminary financial report, comprising the financial statements and notes of SenSen Networks Limited and its controlled entities, complies with the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The principal accounting policies adopted in the preparation of the preliminary financial report are consistent with those of the previous financial year.

2. Material factors affecting the economic entity for the current period

The loss of the Group for the financial year after income tax amounted to \$7,409,184 (2022: loss of \$12,075,161).

During the year the company undertook a significant cost cutting and business optimisation programme which positions the company well for profitable growth into the future. In particular the following was undertaken:

- Headcount rationalisation as the result of the removal of internal divisional silos;
- IT optimisation, particularly around server usage which is expected to yield significant savings in FY24;
- Relocation of the company's Melbourne head office and Hyderabad office to lower cost locations;
- Signed an agreement to change share registries from Computershare to Automic resulting in further savings;

The above activities, combined with the closure of the company's Perth office subsequent to year end are expected to help drive the company to cash flow positivity and profitability.

During the period the group also re-assessed the useful lives of the following intangible assets as follows:

- Sentrack intellectual property useful life reduced from 7 years to 4 years
- Scancam Brand names reduced from 5 years to 3 years
- Scancam Technology reduced from 5 years to 3 years

These changes are a result of the group working to integrate Scancam and Sentrack on the SenSen platform.

3. Retained Earnings

	Consolidated	
	2023	2022
	\$	\$
Balance 1 July	(51,016,871)	(38,941,710)
Net loss for the year	(7,409,184)	(12,075,161)
Balance 30 June	(58,426,055)	(51,016,871)

4. Additional Dividend Information

There were no dividends paid or proposed during the year (2022: nil).

5. Dividend Reinvestment Plan

The company has no dividend reinvestment plan in operation.

6. NTA Backing

	Consolidated	
	2023	2022
	\$	\$
Net tangible asset backing per ordinary share	\$0.002	\$0.01

7. Loss per share

	Consolidated	
	2023	2022
	\$	\$
Basic loss per share (cents per share)	(1.11)	(1.99)
Diluted loss per share (cents per share)	(1.11)	(1.99)
Loss used in calculating EPS	(7,409,184)	(12,075,161)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	667,316,346	607,647,409
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:	(7,409,184)	(12,075,161)

8. Share Buyback

The company had no on-market buy back in operation during the year ended 30 June 2023 or the year ended 30 June 2022.

9. Segment information

Operating segments are identified on the basis of internal reports that are regularly reviewed by the executive team in order to allocate resources to the segment and assess its performance.

The principal areas of operation of the group are as follows:

- Smart Cities
- Gaming
- Retail
- Product and Operations
- Corporate

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

Segment performance Revenue	2023					2022						
	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated
Asia	800,594	861,469	-	-	-	1,662,063	240,805	437,523	-	-	-	678,328
ANZ	3,937,822	-	2,854,650	-	-	6,792,472	3,164,131	389,718	2,440,587	-	-	5,994,436
North America	2,341,988	-	-	-	-	2,341,988	2,472,660	-	-	-	-	2,472,660
Total Revenue	7,080,404	861,469	2,854,650	-	-	10,796,523	5,877,596	827,241	2,440,587	-	-	9,145,423

Geographies	30-Jun-23					30-Jun-22						
	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated
Segment assets	2,454,762	292,320	684,988	714,277	12,192,007	16,338,354	3,275,678	80,234	1,153,525	670,573	15,337,596	20,517,605
Segment liabilities	(2,197,638)	(249,754)	(656,958)	(208,128)	(7,148,248)	(10,460,726)	(1,800,015)	(18,872)	(210,242)	(266,699)	(5,904,656)	(8,200,484)
Net Assets	257,125	42,566	28,030	506,149	5,043,759	5,877,628	1,475,663	61,362	943,283	403,874	9,432,940	12,317,121

	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2023						2022					
Segment performance revenue												
Point in Time	2,296,668	6,698	1,417,523	-	-	3,720,889	1,645,864	550,452	1,306,230	-	-	3,502,546
Over Time	4,783,736	854,771	1,437,127	-	-	7,075,634	4,231,732	276,789	1,134,357	-	-	5,642,877
Total revenue	7,080,404	861,469	2,854,650	-	-	10,796,523	5,877,596	827,241	2,440,587	-	-	9,145,423
Cost of Sales	(1,805,974)	(44,866)	(1,463,159)	-	-	(3,313,999)	(2,081,349)	(253,694)	(1,177,787)	-	-	(3,512,830)
Gross Profit	5,274,430	816,603	1,391,491	-	-	7,482,524	3,796,247	573,547	1,262,800	-	-	5,632,593
% Gross Profit	74.5%	94.8%	48.7%	-	-	69.3%	64.6%	69.3%	51.7%	-	-	61.6%
Staff Costs	(1,641,325)	(247,448)	(623,030)	(4,149,024)	(1,376,127)	(8,036,954)	(2,154,131)	(763,884)	(977,795)	(4,612,378)	(1,429,675)	(9,937,863)
Segment Contribution	3,633,105	569,155	768,461	(4,149,024)	(1,376,127)	(554,430)	1,642,115	(190,337)	285,005	(4,612,378)	(1,429,675)	(4,305,271)
Other Income & Interest					2,536,116	2,536,116					2,986,237	2,986,237
Overheads	(5,921,916)	(1,055)	(1,598,704)	(476,685)	(1,366,845)	(9,365,205)	(1,786,107)	(267,875)	(1,272,348)	(208,768)	(7,446,077)	(10,981,175)
Net loss before tax for the period	(2,288,811)	568,100	(830,243)	(4,625,708)	(206,856)	(7,383,519)	(143,992)	(458,212)	(987,343)	(4,821,147)	(5,889,514)	(12,300,208)

10. Trade and other receivables

	2023	Consolidated	2022
	\$		\$
Current			
Trade receivables	1,723,810		2,041,683
Loss allowance	(256,395)		(98,345)
	1,467,415		1,943,338

11. Property, plant and equipment

	Motor Vehicles \$	Furniture & Equipment \$	Computer Equipment \$	Total \$
30 June 2022				
Opening net book value	44,074	10,419	336,327	390,820
Additions/disposals	-	-	258,996	258,996
Depreciation and amortisation	(14,499)	(2,118)	(198,533)	(215,150)
Balance at 30 June 2022	29,575	8,301	396,790	434,666

At 30 June 2022				
Cost	67,547	46,690	1,095,255	1,170,709
Accumulated depreciation	(37,972)	(38,389)	(698,465)	(736,043)
Net book balance	29,575	8,301	396,790	434,666

	Motor Vehicles \$	Furniture & Equipment \$	Computer Equipment \$	Total \$
30 June 2023				
Opening net book value	29,575	8,301	396,790	434,666
Additions/disposals	48,932	134,923	(32,839)	151,016
Depreciation and amortisation	(20,842)	(61,059)	(107,710)	(189,611)
Balance at 30 June 2023	57,665	82,165	256,241	396,071

At 30 June 2023				
Cost	107,248	160,342	840,660	1,108,250
Accumulated depreciation	(49,583)	(78,177)	(584,419)	(712,179)
Net book balance	57,665	82,165	256,241	396,071

12. Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Current		
Trade payables	1,697,690	1,238,557
Accruals and other payables	1,503,222	1,449,175
Employee benefits	548,435	652,314
Contract liabilities	1,103,746	1,156,667
Contingent Contract Liability	887,154	1,362,565
	5,740,247	5,859,278
Non-Current		
Employee benefits	224,612	18,577
	224,612	18,577

All trade and other payables are expected to be settled within 12 months.

13. Borrowings

	Consolidated	
	2023	2022
	\$	\$
(a) Bank loan	450,000	450,000
(b) Other loan	2,651,458	1,504,375
Total Current Borrowings	3,101,458	1,954,375

a) Bank loan

Includes a bank debt with Commonwealth Bank for \$450,000 secured by an account set-off arrangement with a matching term deposit and a first ranking charge over present and after acquired property. Variable rate interest of 7.82% is charged. The loan was renewed in December 2022 for a further 12 months. The loan is secured by a letter of set-off between the Group and Commonwealth Bank over a Term Deposit.

b) Other loan

The loan balance with Rocking Horse was \$1,500,000 and interest of \$4,375 at 30 June 2022. In December 2022, SenSen received a refund from the Australian Tax Office and repaid Rocking Horse the total loan and interest of \$1,612,105. To replace this loan, a short-term loan of \$1,100,000 was agreed with Rocking Horse Nominees Pty Ltd. Fixed rate interest of 15% was charged. The loan was secured over the Research and Development refund. A general security deed was held by Rocking Horse Nominees Pty Ltd. Interest accrued on this loan is \$91,042 as at 30 June 2023

The company made a second draw down of the \$400,000 from Rocking Horse in April 2023 which remains in place at 30 June 2023 with accrued interest of \$13,137.

During the period, the Company also drew down on a loan from Subhash Challa for \$200,000 which accrued interest of \$1,129 as at 31 December 2022. This loan was repaid in January 2023. The company then drew down a further \$500,000 on this same loan in March 2023 which remains in place as at 30 June 2023 with accrued interest of \$8,380.

In December 2022 the Company finalised two facilities with TP24, totalling \$800,000 which were drawn down on by a total of \$523,731 at 30 June 2023 with accrued interest of \$6,438. A facility

fee of 2.25% p.a. is payable on the facility plus and interest rate of 7.8% over the 30 day Bank bill swap rate.

14. Issued capital

			Consolidated	
			2023	2022
	Note		\$	\$
Ordinary shares	(a)		59,906,517	57,856,852
(a) Share capital movement during the period				
			Consolidated	
			2023	2022
			No.	No.
			\$	\$
Balance at beginning of the reporting period		651,142,760	57,856,852	518,158,232
Shares issued during the year (i)		8,878,490	623,270	123,389,811
Share issue costs		-	-	-
Share issued under long term incentive plan (ii)		18,641,485	1,398,484	9,594,718
Shares issued under salary sacrifice share scheme (iii)		569,614	27,911	1,267,447
Balance at end of period		679,232,349	59,906,517	651,142,761
			57,856,852	57,856,852

The Group completed the following share issue allocations in each respective period:

2023 financial year

(i) SenSen issued the following shares in the financial year ended 30 June 2023:

- Scancam deferred consideration payment via shares
On 7 November 2022 the company issued 8,878,490 shares at a price of \$0.0702 as the first of two deferred consideration payments payable for the acquisition of Scancam in July 2021.

(ii) Employee Long Term Incentive Plan:

- On 9 December 2022 18,641,485 shares were issued in relation to the Group's long term incentive plan

(iii) Salary Sacrifice Share Scheme

In May 2023 the company launched an employee salary sacrifice share scheme whereby management were invited to sacrifice 20% of their salary in exchange for SenSen shares. In addition to the 20%, employees entering into the plan also received an additional 2% of their monthly salary as shares. 569,614 shares were issued under this plan in June.

2022 financial year

(i) SenSen issued the following shares in the 12 months ended 30 June 2022:

- Scancam acquisition share issue
On 20 July 2021, SenSen Networks Limited successfully completed the acquisition of Scancam Industries Pty Ltd. 39,285,715 shares were issued on this date as part of the consideration paid based on the published share price on 20 July 2021 of \$0.13 per share.

- Share placements
 - On 9 November 2021, the Group completed a placement of 30,000,000 shares at \$0.12 per share to institutional and sophisticated investors. The share price on the date of issue was \$0.12.
 - On 21 December 2021, the Group completed a placement of 5,000,000 shares to Subhash Challa (Chairman and CEO) and David Smith (Executive Director and COO) at \$0.12 per share. The share price on the date of issue was \$0.12 per share.
 - On 23 December 2021, the Group completed a placement of 25,000,000 shares at \$0.12 per share. The share price on the date of issue was \$0.12 per share.

- Share purchase plan

On 20 December 2021, the Group raised \$2,796,500 via a share purchase plan in which 23,304,096 shares were issued at \$0.12 per share. The share price on the date of issue was \$0.12 per share.

Share issue costs include payments to external parties in relation to the total value of share capital raised.

Contractor / Employee

- 800,000 shares on 25 May 2022 for services provided by a third-party consultant. The equity movement has been accounted for at the fair value of the services received, in accordance with AASB 2 Share-based Payment.

(ii) Employee Long Term Incentive Plan

On 24 December 2021, 9,594,718 shares were issued in relation to the Group's long term incentive plan.

Employee Share Ownership Plan

During the year ended 30 June 2022 shareholders approved the Board's recommendation to operate an Employee Share Ownership Plan (ESOP) for the period 2021 – 2023. The key terms of this arrangement are:

1. The ESOP Shares will be issued for nil consideration in addition to the cash remuneration.
2. Shares will be issued in approximately October 2021, 2022 and 2023 subject employee's ongoing service with the Company and Company performance. The number of shares will be calculated as follows:
 - a) An agreed percentage of eligible employee's annual salary at the date of payment.
 - b) Number of shares issued based on the 5 day Volume Weighted Average Price (VWAP) prior to the Company's Financial Year results announcement.
 - c) A combination of eligible employee's length of service and the Company meeting internal measure targets in the most recent Financial Year. Internal measure targets include:
 - Continual service period;
 - Revenue hurdles; and
 - EBITDA hurdles.

These hurdles are considered non-market vesting conditions and the probability of being met is taken into account when determining the expense to be recognised in each period.

The non-cash expense to the income statement is \$97,085 (FY22: \$3,173,353). The FY22 Share-based payment expense reflects the pro-rata expense for performance rights relating to the period 2021-2023 in accordance with AASB 2 Share-based Payments.

Salary Sacrifice Share Scheme

In May 2023 the company launched an employee salary sacrifice share scheme whereby management were invited to sacrifice 20% of their salary in exchange for SenSen shares. In addition to the 20%, employees entering into the plan also received an additional 2% of their monthly salary as shares. 569,614 shares were issued under this plan in June.

The plan commenced on 1 May 2023 and has an end date of 30 June 2024, however the company retains the option to terminate the plan at any time, and employees retain the right to opt out of the plan throughout its duration. As at 30 June 2023, \$79,059 has been recognised as a share based payment under this scheme.

15. Reserves

	Consolidated	
	2023	2022
	\$	\$
Share based payment reserve	4,357,019	5,575,665
Foreign currency translation reserve	40,147	(98,525)
Total Reserves	4,397,166	5,477,140

16. Trends in performance

During the year the company continued to see strong growth in its revenue base across all lines of business. Strong revenue growth, which the company expects to continue, combined with active cost management and ongoing refinement have set the company on a trajectory towards profitability.

The company has refined its business model around a single platform strategy that provides operational efficiencies as well as a robust scalable product.

17. Other factors that affected results in the period or which are likely to affect the results in the future

During the year the company invested in and launched several new product enhancements which are expected to diversify and grow the company's revenue base going forward. These include innovations in both software and modelling (AI, large language models) and hardware (solar power, mobile devices) which add significant depth to the Company's intellectual property position:

- AI Co-Pilot for Mobile Parking Enforcement
- AI and Solar-powered School Zones Enforcement
- AI-powered Fuel Theft Recovery for all service stations
- AI to Code the curb with a smart phone
- Sea Ports AI.

In addition a substantial reduction in the company's ongoing cost structure throughout the year puts the company in good stead for future profitable growth.

18. Controlled entities acquired or disposed of

The Company did not acquire or dispose of any controlled entities during the year.

19. Other Assets

	2023	Consolidated	2022
	\$		\$
Current			
R&D grant receivable	2,538,784		2,197,607
Prepayments	317,073		10,050
Other assets	155,351		232,783
	3,011,208		2,440,440

20. Right of use asset and lease liabilities

	2023	Consolidated	2022
	\$		\$
Right of use asset	1,295,479		335,780
Lease Liability - current	(286,880)		(185,428)
Lease Liability – non-current	(1,090,787)		(182,826)
	(82,188)		(32,474)

During the year the Company entered into new leases for its head office in South Melbourne, and Hyderabad, India office. The increase in both right of use assets and lease liabilities is the result of the initial recognition of the leased asset and corresponding liabilities for the term of the respective leases.

21. Administration Expense

	2023	Consolidated	2022
	\$		\$
Depreciation	499,134		584,434
Amortisation of Intangibles	1,117,598		536,315
Insurance	407,741		380,669
Travel	570,626		373,350
Other admin expenses	181,951		208,551
	2,777,050		2,083,319

22. Other Expenses

	2023	Consolidated	2022
	\$		\$
Legal Fees	588,416		451,145
Patents and trademarks	537,264		335,917
Audit, bookkeeping and tax	530,288		562,207
Contract labour	922,173		1,397,423
University partnership	100,000		60,000
Registry, investor relations & other listing costs	323,575		269,755
Transaction costs	-		512,598
Restructuring costs	344,487		-
Other expenses	74,327		50,927
	3,420,530		3,639,972

Contract labour predominately relates to contractors engaged in regions where SenSen has no presence or requires labour flexibility for discrete periods.

23. Associates and joint venture entities

The Company did not acquire or dispose of any interests in Joint Ventures or Associates during the year.

24. Other significant information

There is no other significant information in addition to the information that has been included in this report in relation to the company's financial performance or financial position.

25. Subsequent events

In July 2023 all remaining staff who joined SenSen as part of the Scancam acquisition in July 2021 were made redundant. This was done as part of an effort to fully integrate the Scancam business into SenSen and gain cost efficiencies through centralised management. As a result of all Western Australian based staff leaving the business, the Perth office was also closed.

26. Contingent Liabilities

On 16 December 2022, the company announced that it had been served with Federal Court of Australia proceedings by the solicitors for Angel Group Co., Ltd and Angel Australasia Pty Ltd (Angel) whereby it is alleged that SenSen has infringed two of Angel's Australian patents.

The company subsequently announced on 24 April 2023 that similar proceedings had commenced in Branch 148 of the Regional Trial Court, Makati City in the Philippines.

While SenSen continues to vigorously defend itself against these proceedings, the costs of SenSen's legal defence are covered under SenSen's intellectual property insurance. As the company expects to be successful in its defence, no provision for additional costs has been raised as at 30 June 2023.

27. Audit status

This report is based on accounts which are in the process of being audited. It is expected that consistent with the prior year the Audit Report on the financial statements will include a material uncertainty related to going concern.