

Quarterly Report



sensenetworks®
Making Cities Smarter

Activities Report for the Quarter ended
31 December 2018

31 January 2019

HIGHLIGHTS

- SenSen earned A\$527,299 in revenue and A\$517,498 in cash receipts during the December 2018 quarter, driven by steady growth in Intelligent Transportation Systems (ITS)
- Expansion with non-government clients, signing two new agreements in Canada through the Calgary Parking Authority (CPA) covering car park entrances and exits to generate ~A\$138,000 in initial revenue in FY19 plus recurring maintenance revenue
- Participation in global trials and tenders continues, with 13 Australian businesses and municipalities expressing interest in trialling SenSen's parking technology following the November 2018 Parking Australia Conference
- SenSen's gaming solution trials are progressing well in Australia, Asia, the UK and North America with licence agreements expected to be executed in 2019
- Significant expansion of SenSen's gaming customer pipeline, progressing trial discussions with 12 new casinos for the SenGAME technology following the Global Gaming Expo in October 2018
- Reseller agreements progressing with value added resellers and distribution partners
- \$4.027 million cash position at 31 December 2018

Leading Artificial Intelligence solution provider SenSen Networks Limited (ASX: SNS, "SenSen" or "the Company") is pleased to provide an update on its activities for the quarter ended 31 December 2018.

Financial performance

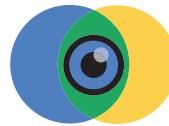
Revenue and cashflow for the quarter consisted of revenue from software as a service (SaaS) licence arrangements with existing customers in Australia and overseas. The Company's Intelligent Transportation Systems (ITS) business delivered quarterly revenue of \$527,299 and cash receipts of \$517,498.

Longer than expected timelines for the awarding of new government and Council contracts following tender processes and trials has resulted in the timing of a number of anticipated positive financial outcomes for SenSen shifting into the second half of FY19.

Intelligent Transport Systems

During the quarter, SenSen signed two new parking agreements in Canada with the Calgary Parking Authority (CPA) for Licence Plate Recognition (LPR) at car park entrances and exits at the Alberta Trading Bank and the YMCA in Calgary, Canada. These are the first non-

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Government contracts as a result of the partnership between SenSen and the CPA which was formed in September 2017 and expanded in March 2018.

The new projects, which are now installed, will generate revenue of CAD\$133,000 (~A\$138,000) for SenSen in FY19 for systems, software licensing and commissioning, and CAD\$27,400 (~A\$28,500) per annum for maintenance in subsequent years.

In addition, SenSen continued to participate in numerous Proof of Concept (POC) trials and tender processes in jurisdictions around the world, both directly and through its channel partners like the CPA.

The Company also focused on business development and marketing activities, including attending trade shows and conferences to promote SenSen's ITS solutions to prospective customers, targeting the Canada and US markets.

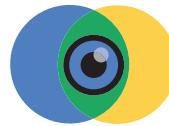
In mid-September 2018, SenSen won the "Best in Show" award for an impressive conference display at the Canadian Parking Association Conference and Trade Show in Toronto. The Conference featured Artificial Intelligence (AI) and machine learning as a key theme in the future of parking, and SenSen's leadership in this area generated several highly prospective opportunities for the Company, including in Toronto, Canada's largest city, where multiple projects are currently being considered by the government authority.

The SenSen ITS team also attended the US National Parking Association Convention & Expo in late October, held in Las Vegas, Nevada, and met with potential system integrator partners whose customers include universities, airports and municipal governments across the US.

These discussions are ongoing and momentum is expected to accelerate following SenSen's presentation of its soon-to-be formally launched, disruptive parking software solution at the upcoming Parking Industry Expo (pieshow.parkingtoday.com), to be held in Chicago on 11-14 March 2019. This annual US conference is attended by over 1000 delegates and addresses the parking needs and provides solutions for municipalities, university and hospital campus parking, shopping and business development, and commercial parking operations.

In Australia, SenSen continued its roll-out strategy through direct marketing to city councils and business enterprises, as well as working with its distribution partners. In early November 2018, SenSen showcased its parking software solutions at the PACE 2018 Parking Australia Conference at the Gold Coast, Queensland. As a result of this, 13 municipal and business organisations who expressed interest in trialling SenSen's technology within their parking operations will shortly move to conduct formal trials.

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At the same time SenSen is presenting in Chicago, Australian state and local governments will also learn about the Company's new disruptive parking software solution at the Cities & Regions 4.0 Summit (www.cities4pointzero.com.au), to be held in Melbourne on 12-14 March 2019. This annual conference is Australia's premier gathering of city, regional and digital government leaders who want to understand how to apply technology-driven solutions to meet the challenges of today and tomorrow.

SenSen also attended the Gulf Traffic 2018 Conference in Dubai in early December 2018. Gulf Traffic is the UAE's largest traffic and transport technology exhibition. SenSen met with government representatives and businesses attending from many of the Emirates at the Conference, and gauging from the response to SenSen's technology, it is clear the Gulf region is increasing in economic importance to the Company.

Significant interest was generated that led to various trials covering parking guidance and enforcement solutions within the region targeting customers in Dubai, Sharjah, Abu-Dhabi and Saudi Arabia.

Retail & Leisure

POC trials of SenSen's gaming solution in casinos in the UK, Macau, Australia and the Philippines have progressed well and moved into casino gaming floor trials with multiple tables. In both Macau and the Philippines, the gaming floor trials are to be paid for by the customers, and SenSen expects SenGAME licence agreements to be executed with the casinos after these trials conclude.

Following the Global Gaming Expo (G2E) in Las Vegas in mid-October 2018, SenSen has been engaged in ongoing discussions with an additional 12 casinos, representing thousands of gaming floor tables in the US, Europe, Canada, South America and South Korea, regarding implementation of trials across their operations. In late December 2018, SenSen commenced pre-POC trial activities for a casino in Canada and in the USA, and these properties will likely be the first direct customers in the North American market.

The SenSen Gaming team travelled to Macau in November 2018 for a targeted marketing roadshow to showcase the SenSen gaming solution to a further five large casino operations. The direct marketing continues in early February 2019, when the team will attend the International Casinos Exhibition (ICE) London Gaming Conference (www.ice-london.uk.com), which is regarded as the benchmark and driver of the B2B Gaming industry's international growth.

In addition to previously announced Distribution Agreements executed with Cammeh Limited and eConnect Global, negotiations continue with distribution partners to enter into

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comprehensive value-added reseller (VAR) agreements to market and sell SenGAME globally. These VAR agreements involve SenSen's gaming solution being embedded into the distribution partner's casino management system already operating on thousands of casino tables throughout the world.

CORPORATE

Results of 2018 Annual General Meeting

At SenSen's Annual General Meeting on 31 October 2018, all resolutions as set out in the Notice of Meeting passed on a show of hands.

Executive appointment

In November, following key executive appointments in the Company's ITS business vertical in the September quarter, SenSen appointed Ms Ainslie Stevens as Gaming Business Development Manager to drive marketing and business development in SenSen's Gaming business vertical.

With over 20 years' experience in the gaming and hospitality industry, Ainslie brings excellent strategic relationships and a strong commercial focus to the position. She previously held multiple roles at The Star Entertainment Group, including Casino Business Coordinator, Performance & Development Manager, and most recently, Procurement Category Manager.

For further information, please contact:

David Smith, Executive Director and Company Secretary
Email: info@sensennetworks.com

Tim Dohrmann, Investor and Media Relations
Email: tim@nwrcommunications.com.au

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, Canada, Singapore, 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.

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+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SENSEN NETWORKS LIMITED

ABN

67 121 257 412

Quarter ended ("current quarter")

December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	518	1,379
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(252)	(520)
(c) advertising and marketing	(56)	(157)
(d) leased assets		
(e) staff costs	(967)	(1,856)
(f) administration and corporate costs	(681)	(1,253)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	7
1.5 Interest and other costs of finance paid	(6)	(14)
1.6 Income taxes paid	(18)	(89)
1.7 Government grants and tax incentives	160	160
1.8 Other (provide details if material)	(28)	2
1.9 Net cash from / (used in) operating activities	(1,329)	(2,341)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(60)	(108)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) 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	(60)	(108)
 3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	0	0
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,416	6,476
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,329)	(2,341)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(60)	(108)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	4,027	4,027
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	3,252	4,691
5.2 Call deposits	775	725
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)	4,027	5,416

+ See chapter 19 for defined terms

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	173
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Comprises payments to 5 directors (new independent director appointed during the period).

7. Payments to related entities of the entity and their associates		Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	166
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments to SenSen VBI, a 100% subsidiary of the group which provides technology development services. These payments are to cover salary of Indian employees.

8. Financing facilities available		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	775	450
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loans

Cashflow facility and credit cards available from Commonwealth Bank

Other

Historic directors loans which were settled by equity post the company's AGM during the current quarter.

+ See chapter 19 for defined terms

9. Estimated cash outflows for next quarter		\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs*	(250)
9.3	Advertising and marketing	(65)
9.4	Leased assets	-
9.5	Staff costs	(1,010)
9.6	Administration and corporate costs	(490)
9.7	Other (acquisition costs)	-
	Other (loan repayments)	-
9.8	Total estimated cash outflows	(1,815)

*Please note that these costs relate to billable contracts and are incurred before receipts from customers invoiced are received. Most of SenSen's customers are city councils and government bodies who tend to have 60 day payment terms.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)		Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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.



Sign here:
(Director/Company secretary)

Date: 31 January 2019

Print name: David Smith

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.