

Quarterly Report



Activities Report for the Quarter ended
31 March 2019

29 April 2019

HIGHLIGHTS

Smart Cities

- *SenSen launched the world's first AI-powered smartphone app, Gemineye, providing affordable and highly accurate process automation services for smart cities*
- *Gemineye initially targeting two core smart city services – parking enforcement and real-time illegal dumping detection*
- *Distribution Agreement signed with smart city and environmental services company EVF and Gemineye trials commence in Thailand*
- *SenSen won a multi-year Contract with Cairns Regional Council to supply SenFORCE, its fully automated parking enforcement solution, and will earn systems, software and commissioning revenue, and annual recurring fees*

Retail & Leisure

- *Flagship Philippines casino Solaire Resort and Casino confirmed as first Asian casino customer following successful POC trial process*
- *SenSen to commence installation of the 30-table deployment in May, attracting SenGAME hardware, software and services plus monthly SaaS revenue*
- *Value-Added Reseller Agreement executed with eConnect Inc to market SenSen's SenGAME software solution*
- *Commenced project implementation work for SenGAME deployments in one of Macau's leading casino groups*

Corporate

- *SenSen earned A\$588,110 in revenue and A\$602,290 in cash receipts during the March 2019 quarter, with contributions from both Smart Cities and Retail & Leisure business verticals*
- *~A\$3.18 million cash position at 31 March 2019*
- *Strategic operational efficiency and cost structure management initiatives from 1 March 2019, including Board and Executive team deferred remuneration amounting to over A\$100,000 in savings per month*

Leading smart city 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 March 2019.

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Smart Cities

In March, SenSen announced the launch of the world's first AI-powered smartphone app Gemineye, which offers governments, councils and cities worldwide an affordable, highly accurate, cloud-based smart city platform in the palm of their hands.

Gemineye is designed to power the future of smart cities by making operations related to civic compliance, asset management, traffic data collection and analysis, security and surveillance more affordable, accessible and versatile. The app does so by utilising its proprietary AI-powered process automation software, which can pull information from video and sensors within the smartphone to turn labour-intensive smart city operations into automated processes.

By making this cutting-edge technology available through a smartphone app, SenSen is helping governments and councils significantly reduce their capital expenditure and the costs of maintaining expensive smart city infrastructure. Gemineye also offers scope to reduce labour costs as its AI technology can notify authorities when operator-defined situations arise, rather than having to review reams of footage manually to identify incidents of interest.

Early trials with Gemineye by one of the largest city councils in Australia saw over 1000 illegal dumping incidents occur in just one location over a six-month period. Dumpers are most active in December and January, when there is four times as much dumping as March. Sunday is the most common day for dumping, with activity especially prevalent at 11am and Noon. Armed with such information, local government authorities can adjust monitoring times, staffing levels and collection rates.

During the quarter, SenSen released an introductory video showing how Gemineye takes existing smart city technologies and packs them into an AI-powered smartphone app, turning labour-intensive tasks into affordable smart city solutions. The video is available to view at www.sensennetworks.com/Gemineye

Gemineye initially launched two core services - parking enforcement and real-time illegal dumping detection.

In April, SenSen announced it had commenced trials of Gemineye in Thailand as part of a Distribution Agreement with Thailand smart city and environmental services company EVF (Thailand) Co., Ltd. ("EVF"). SenSen and EVF are collaborating initially in Thailand on two separate trials in Bangkok for the Bangkok Metropolitan Administration and the Royal Thailand Police, with the former trial currently underway. The Distribution Agreement allows for EVF to implement SenSen's software in its clients' operations throughout Thailand.

EVF (<http://evfthailand.com/>) services infrastructure projects including office buildings, shopping centres and hospitals, and is an affiliate of Thailand construction supply company Nova Steel. EVF provides environmental services including photovoltaic, wind turbine, PV

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water pump, electric vehicles, as well as Smart City and Smart Grid services to the Government and airports in Thailand.

The Distribution Agreement provides for SenSen to earn project revenues with EVF, with a combination of up-front system sales, software licensing and commissioning, as well as recurring Software as a Service (SaaS) and maintenance fees.

As in many Asian cities, driving and parking congestion is a major problem for Bangkok, which is reportedly the worst city for traffic congestion in South East Asia.

The two initial trials in Bangkok will utilise SenSen's Gemineye technology to analyse Thai motor vehicle and motorcycle licence plates to detect illegal driving on footpaths and enforce regulation to minimise accidents and fatalities.

The first trial, with the Bangkok Metropolitan Administration, has been running since February and harnesses Gemineye to help address the unsafe motorcycles-on-footpath issues in Bangkok. SenSen's ability to read motorcycles' licence plates (which is complex in Thailand as they vary in design, dimension and colour, and involve different Thai language characters), as well as identify riders without helmets, will empower Thai authorities to accurately prosecute offenders and thereby reduce the incidence of such offences.

The second Gemineye trial, with the Royal Thailand Police, involves CCTV monitoring of merging lanes at a prominent hot spot in Bangkok. SenSen is capturing and processing offences through the Company's Back Office System ("SenBOS") for offence verification and collaboration of data with name and address details from the Land Transport Department. This trial commenced in April and is expected to run over one month, ahead of commercial rollout expected in Q1 FY2020.

Post reporting period, on 24 April, SenSen announced it had secured a deal to supply its fully automated parking enforcement solution to Cairns Regional Council, in conjunction with its distribution partner Duncan Solutions (duncansolutions.com.au/), an Australian-owned company providing smart integrated parking solutions.

Commencing in early June 2019, the contract with Cairns Regional Council covers the Council's purchase of a SenFORCE mobile parking enforcement unit with upfront revenue for the systems, software and commissioning, and fees for the year one software licence and maintenance services. SenSen will also earn annual recurring revenues under the three-year term of the contract.

Retail & Leisure

In February, SenSen announced it had executed a Value-Added Reseller Agreement ("VAR") with eConnect Inc ("eConnect") to market SenSen's SenGAME software solution to

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eConnect's customer base, following the Distribution Agreement with eConnect which SenSen announced on 10 October 2018.

eConnect (www.econnectglobal.com) has developed technology solutions to deliver rapid ROI through gaming fraud detection and prevention. eConnect's software also optimises resort operations and improves the guest experience. The company has offices in Las Vegas and Macau. Hundreds of large enterprises including casinos, resorts, nightclubs, restaurants, stadiums, and airports utilise eConnect's powerful applications to improve the way businesses operate and enhance profitability.

SenGAME has been integrated into eConnect's Casino Connect Suite software and is now an embedded solution for eConnect to offer world-leading gaming analytics on its customers' table games worldwide. The eConnect solution is now able to provide casino operators with next-level table game ratings data and accuracy while mitigating loss.

eConnect has developed a comprehensive sales strategy targeting North American and Asia Pacific casinos that operate more than 70 table games.

Post reporting date, on 15 April, SenSen announced that the Company will commence installation of its SenGAME gaming solution software on 30 Baccarat tables at the Solaire Resort and Casino in the Philippines.

SenSen's cutting-edge automated video and artificial intelligence software solution is being retrofitted to the tables and will provide Solaire with highly valuable and accurate analytics including table occupancy, hands dealt per hour, bet types and bet values across the gaming floor. This real-time data can then be used by the casino to optimise its table configuration across the gaming floor.

Solaire is the first Philippine premium/luxury hotel and gaming resort in Entertainment City, Manila, with more than 350 gaming tables. It is the flagship property of Bloomberry Resorts and Hotels Inc, one of the world's leading resorts, hospitality and gaming companies. Bloomberry Resorts Corp is listed on the Philippines Stock Exchange (BLOOM:PHP) and is a constituent of the Philippines Stock Exchange Index.

SenSen will generate revenue from the hardware, software and services set-up for the 30-table deployment at Solaire, as well as a monthly Software as a Service fee on each table.

Also in April, SenSen commenced project implementation work for SenGAME deployments in one of Macau's leading casino groups.

Corporate

As announced in the December Quarterly Activities Report, longer than expected timelines for the awarding of new government and Council contracts following tender processes and

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trials has resulted in the timing of a number of anticipated positive financial outcomes for SenSen shifting to later in 2019.

While these contracts are now starting to come through, in late February, the SenSen Board determined that it would be prudent for the Company to responsibly manage its operational efficiency by strategically reducing the monthly cost structure resulting in over A\$100,000 in total savings per month from 1 March 2019.

This includes the Board and Executive team agreeing to salary package reductions by 20% in the form of deferred remuneration till end FY2019, which can then be reimbursed by cash or equity at the Board's election.

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, 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.

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")

March 2019

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	602	1,981
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(159)	(680)
(c) advertising and marketing	(91)	(249)
(d) leased assets		
(e) staff costs	(1,096)	(2,953)
(f) administration and corporate costs	(496)	(1,750)
1.3 Dividends received (see note 3)		
1.4 Interest received	9	16
1.5 Interest and other costs of finance paid	(13)	(27)
1.6 Income taxes paid	(22)	(109)
1.7 Government grants and tax incentives	718	878
1.8 Other (provide details if material)	(184)	(179)
1.9 Net cash from / (used in) operating activities	(732)	(3,072)

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	(117)	(226)
(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	(117)	(226)

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		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
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	4,027	6,476
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(732)	(3,072)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(117)	(226)
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	3,178	3,178

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	2,403	3,252
5.2	Call deposits	775	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)	3,178	4,027

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

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

Current quarter \$A'000
163
-

Comprises payments to 5 directors

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	246
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 <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	-
9.2	Product manufacturing and operating costs*	(150)
9.3	Advertising and marketing	(50)
9.4	Leased assets	-
9.5	Staff costs	(953)
9.6	Administration and corporate costs	(420)
9.7	Other (acquisition costs)	-
	Other (loan repayments)	-
9.8	Total estimated cash outflows	(1,573)

*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: 29 April 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.