

# SenSen Networks Limited

And Controlled Entities

ABN 67 121 257 412

## Appendix 4D (rule 4.3A)

### Preliminary final report for the half year ended 31 December 2021

Results for announcement to the market  
 (all comparisons to half year ended 31 December 2020)

	2021 \$'000	Up/(down) \$'000	% Movement
Revenue from ordinary activities	2,975	476	19%
Loss from ordinary activities after income tax attributable to shareholders	(6,886)	(6,437)	1,437%
Net loss for the period attributable to shareholders	(6,886)	(6,437)	1,437%

Note 1:

	2021 \$'000	2020 \$'000
Net loss for the period attributable to shareholders	(6,886)	(449)
<i>Non-core adjustments</i>		
Share based payment expense (non-cash)	2,045	-
<b>Underlying net loss for the period attributable to shareholders after adjustment for significant non-core items</b>	<b>(4,841)</b>	<b>(449)</b>

#### Dividend Information

The company did not pay any dividends during the period.

#### Net Tangible Assets

	2021 \$	2020 \$
Net tangible assets per ordinary share	0.012	0.0007

## SenSen Networks Ltd

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# **SenSen Networks Limited**

**And Controlled Entities**

**ABN 67 121 257 412**

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**HALF-YEAR REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

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## Directors' Report

The directors present their report with the consolidated financial report of SenSen Networks Limited (“the Company”) and the entities it controlled (“the Group”) at the end of, or during, the half year ended 31 December 2021 and the auditor’s review report thereon.

### DIRECTORS

The names of the directors who held office during or since the end of the half year are:

- Mr Subhash Challa, Executive Chairman
- Mr David Smith, Executive Director and Company Secretary
- Ms Heather Scheibenstock, Executive Director
- Mr Zenon Pasieczny, Non-Executive Director

### Principal Activities

The principal activities of the group during the year were to develop and sell SenDISA platform-based products and services into the three major market segments:

- **Smart Cities:** civic compliance, traffic data and law enforcement solutions to city councils, national parks, road authorities and transit agencies across the globe.
- **Casinos:** delivering accurate actionable insights for casinos with real time data on games, customers, productivity and compliance.
- **Retail:** delivering anti-fuel theft, retail loss prevention and smart asset protection, utilising the leading SenDISA software platform to create valuable data insights and analysis.

### Dividends – SenSen Networks Limited

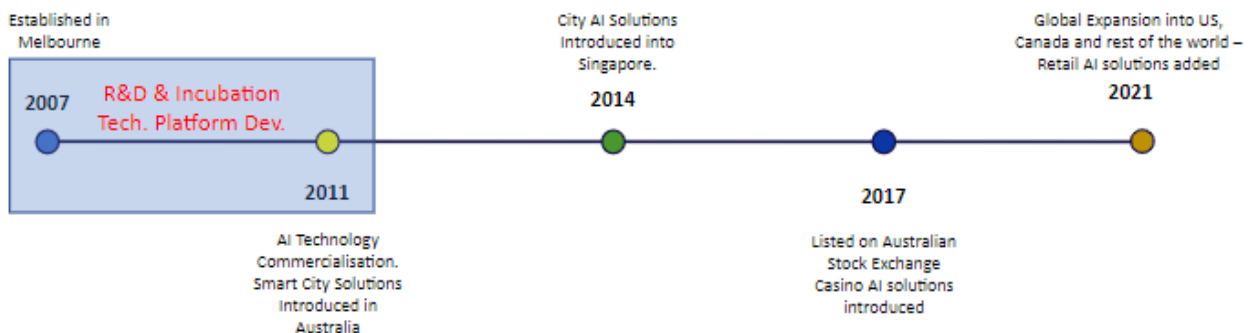
No dividends have been declared in the half-year financial statements ended 31 December 2021 (2020: no dividend declared)

### Review of Operations

We are an Australian enterprise AI software solution provider with a rich research and development background.

- SenSen (SNS: ASX) was founded in 2007 and floated on the ASX in 2017
- Headquarters in Melbourne with global offices in India, Singapore, Canada and US: with more than 230 employees.
- Delivering solutions since 2011 to our key customers from the largest cities in the world, Singapore, Brisbane, Las Vegas, Chicago and Sydney.
- Solutions across Smart cities, Roads & Transport, Retail and Gaming industries.

#### Our journey





## Directors' Report (cont'd)

### About SenSen

Key characteristics:

- World leaders in sensor AI solutions
- We operate in large and growing AI markets
- Core IP – The SenDISA software platform
  - Developed over the past 15 years
  - Protected by 14 patent families: 5 granted and 9 pending
- Customers
  - Cities, casinos, fuel retail services and large-scale surveillance operators

### SenSen's Business Model



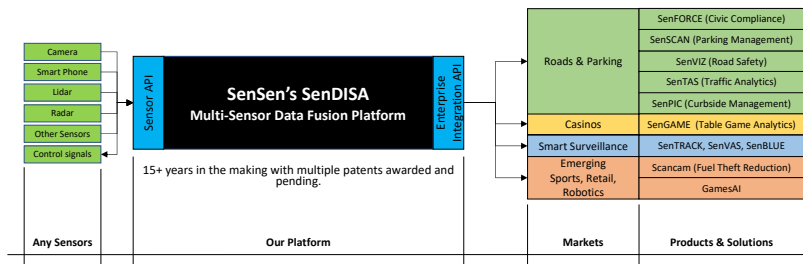
#### Revenue Sources – similar across all target markets

- |   |                 |
|---|-----------------|
| <b>Software License SaaS Annual Recurring Revenue</b> | ~60% of Revenue |
| • Edge analytics software                             |                 |
| • Back-office software                                |                 |
| <b>Hardware</b>                                       | ~20% of Revenue |
| • Prepackaged hardware solutions                      |                 |
| <b>Professional Services Upfront &amp; Ongoing</b>    | ~20% of Revenue |
| • Technology trials                                   |                 |
| • Solution design services                            |                 |
| • Software installation & configuration               |                 |
| • Software customization services                     |                 |
| • UAT support   |                 |

### SenDISA Platform and Software

#### The SenDISA Platform

A reconfigurable data fusion software platform that interfaces with cameras & sensors to extract accurate & actionable insights in real time and deliver them to enterprise applications via industry standard API



Three critical components work together – **data fusion, AI algorithms, software** – to deliver business insights that are otherwise impossible to obtain from traditional data sources.



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## Directors' Report (cont'd)

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### Business Update

Despite the ongoing challenges triggered by COVID-19, SenSen achieved record recurring revenues and customer wins in the first half of fiscal 2022. Key highlights for the six months ending 31 December 2021 are outlined below.

### Financial Performance

Key highlights include:

1. Record half-yearly revenues of \$3.0M representing 19% prior comparative period (PCP) for Dec 2020.
2. SenSen re-affirms our full-year revenue guidance of \$11m
3. Customer net retention rate of 120%+
4. Eight new contract wins with a minimum value of \$4.782M will be recognised over the next 2-3 years in each of the key market segments – Smart Cities, Casinos and Smart Retail.
5. We estimate that ARR in FY2022 to be in line with guidance of ~\$8M compared to \$2.7M at the end of FY2021.
  - a. Driven by new contract wins, the Scancam acquisition, contract renewals and additional orders received from existing customers.
6. The EBIT (unaudited) loss of \$6.9M during the six-months to 31 December 2021, compared to \$0.5M loss reported in PCP. The financial performance of the Group was particularly influenced by the aggressive revenue growth strategy resulting in increased Staff costs and Consulting expenses compared to prior year:
  - a. The loss is predominantly due to a higher investment in the number of talented sales and marketing staff that we have brought on-board to accelerate sales, as well as undertaking additional R&D to expand into new market segments.
  - b. The loss is further due to a non-cash expense of \$2M in relation to share-based payments and certain non-recurring consulting expenses.
7. Net cash position increased to \$8.2m as at 31 December 2021 compared to \$5.2M as at 30 June 2021 helped by the \$10M capital raising in Q2 FY2022.

### Corporate Activity

The acquisition of Scancam Industries, provider of AI anti-theft solutions, was completed on 20 July 2021 and has been tracking well. The integration of the Scancam technology into the SenDISA software platform saves significant up-front cost for customers and allows for the introduction of a SaaS revenue model. The SaaS model is expected to lead to rapid adoption of the solution by both corporates and independently owned and operated service stations. In December, SenSen was awarded a contract with EG service stations for a min value of \$0.7M.

SenSen successfully raised \$10M in November and December 2021 via two placements (60M new shares which raised \$7.2M) and a Share Purchase Plan (23.3M new shares which raised \$2.8M) to fund continued growth momentum.

### New Customer Orders & ARR Contract Renewals

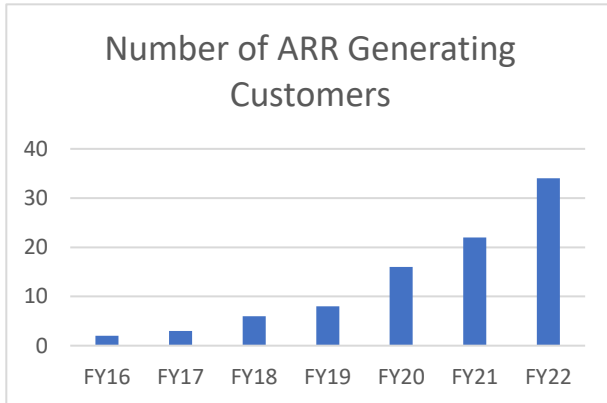
Increases in contract values, eight new contract wins and the Scancam acquisition have accelerated the growth momentum for SenSen with respect to both revenues and ARR.

1. Contract wins in Smart Cities adds a total minimum value of \$2.7M and includes existing and new customers such as Australia's National Heavy Vehicle Regulator, Sunshine Coast Regional Council, Chicago Parking Meters, Transport for NSW and Queensland Revenue Office.
2. Contract wins in Casinos adds a total minimum value of \$1.2M and includes Hippodrome Casino London and Crown Melbourne.
3. The Smart Retail segment, which includes Scancam, won a contract with EG service stations with a total minimum value of \$0.7M. This adds to existing Scancam customers who are expected to contribute \$3M in revenue and growing month recurring revenues.



## Directors' Report (cont'd)

The table below show ARR growth in customer numbers over time, and demonstrates how many ARR generating customers we expect in the years ahead.



**FY22\* includes 5 key customers via Scancam. This total number is subject to change based on further new contracts awarded**

### **R&D Investment**

We continued to invest strongly into new product innovation to lower the cost of adoption by our customers and offered new high-value features to increase our margins. Some of these innovations include:

1. Adding high accuracy AI to drone data for policing applications.
2. Edge compute based low cost AI solution to use existing cameras for Fuel theft reduction and lower the upfront cost of the solution.
3. An all-in-one 'Vision Zero' product line to cost-effectively reduce accidents and save lives on roads and highways.
4. Integrating SNAP Surveillance and SenSen software for a fully autonomous multi-camera person tracking solution for large-scale surveillance networks.
5. Environmental mapping technology to determine the exact location of moving objects when GPS accuracy is poor using image analytic solutions.
6. Working with University of Melbourne on a joint ARC research grant for digitization and asset audit applications.

Several new patent applications are being pursued to protect ground-breaking new innovations under development.

### **Annual General Meeting**

At our Annual General Meeting of shareholders held on 17 December 2021, all resolutions put to the meeting were unanimously passed on a poll. Resolutions were as follows:

- Resolution 1: Adoption of Remuneration Report
- Resolution 2: Re-election of Mr Zenon Pasieczny
- Resolution 3: Re-election of Ms Heather Scheibenstock
- Resolution 4: Authority to issue Shares under the SenSen Incentive Plan to a Related Party – Mr Subhash Challa
- Resolution 5: Issue of Shares under the SenSen Incentive Plan to a Related Party – Mr David Smith
- Resolution 6: Issue of Shares under the SenSen Incentive Plan to a Related Party – Ms Heather Scheibenstock
- Resolution 7: Ratification of Shares - Tranche 1 Placement
- Resolution 8: Issue of Tranche 2 Placement Shares to a Related Party – Subhash Challa
- Resolution 9: Issue of Tranche 2 Placement Shares to a Related Party – David Smith



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## Directors' Report (cont'd)

### Shares and Options

The following shares were issued during the year

No. of Shares	
Balance at 30 June 2021	518,158,232
Shares issued in consideration for the acquisition of Scancam Industries Pty Ltd on 21 July 2021	39,285,715
Shares issued in consideration for the placement on 9 November 2021	30,000,000
Shares issued in consideration for the share purchase plan on 20 December 2021	23,304,096
Shares issued in consideration for the placement on 21 December 2021	5,000,000
Shares issued in consideration for the placement on 23 December 2021	25,000,000
Shares issued to ESOP LTI on 24 December 2021	9,594,718
Balance at 31 December 2021	650,342,761

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

There were 15,854,256 options that were previously granted on 20 March 2018 that expired on 2 October 2021 and had an exercise price of \$0.155. There are no outstanding options at 31 December 2021.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 8.

This directors' report is signed in accordance with a resolution of the Board of Directors.

**Subhash Challa, CEO and Chairman**

**Date: 28 February 2022**



## DECLARATION OF INDEPENDENCE BY T R MANN TO THE DIRECTORS OF SENSEN NETWORKS LIMITED

As lead auditor for the review of SenSen Networks Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of SenSen Networks Limited and the entities it controlled during the period.



**T R Mann**  
Director

**BDO Audit Pty Ltd**

Brisbane, 28 February 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 December 2021**

	Note	Consolidated	
		31-Dec-21 \$	31-Dec-20 \$
<b>Revenue from contracts with customers</b>			
Sales Revenue	2	2,975,333	2,499,394
Cost of Sales		(964,348)	(867,853)
Gross Profit		2,010,985	1,631,541
Other income	2	1,850,387	1,632,632
Interest income	2	705	2,593
<b>Expenses</b>			
Administration expense		(1,036,133)	(415,744)
Advertising and Marketing expense		(244,309)	(102,360)
Consulting expense	13	(2,058,998)	(1,118,071)
Finance cost		(124,919)	(78,685)
Occupancy cost		(217,430)	(104,283)
Staff cost	13	(4,372,180)	(1,584,704)
Technology costs		(668,170)	(313,527)
Share based payments	8	(2,045,405)	-
<b>Loss before income tax</b>		<b>(6,905,467)</b>	<b>(450,608)</b>
Income tax benefit/(expense)		19,656	1,510
<b>Net loss for the period</b>		<b>(6,885,811)</b>	<b>(449,098)</b>
Loss attributable to members of the parent entity		<b>(6,885,811)</b>	<b>(449,098)</b>
		<b>(6,885,811)</b>	<b>(449,098)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign controlled entities		(62,230)	5,533
<b>Total other comprehensive income</b>		<b>(62,230)</b>	<b>5,533</b>
<b>Total comprehensive loss for the period</b>		<b>(6,948,041)</b>	<b>(443,565)</b>
<b>Loss per share:</b>			
Basic and diluted loss per share (cents)	12	<b>(1.22)</b>	<b>(0.10)</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 December 2021**

	Note	Consolidated	
		31-Dec-21 \$	30-Jun-21 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		8,220,816	5,176,464
Trade and other receivables	4	963,360	978,742
Contract assets		572,598	348,170
Inventory	5	862,468	241,394
Other assets		1,620,548	1,277,349
<b>Total Current Assets</b>		<b>12,239,790</b>	<b>8,021,848</b>
<b>Non-Current Assets</b>			
Intangibles	15	2,673,205	916,667
Goodwill	15	5,632,016	383,399
Right of use asset		298,539	409,102
Other assets		176,131	67,642
Property, plant and equipment		594,885	390,820
<b>Total Non-Current Assets</b>		<b>9,374,776</b>	<b>2,167,630</b>
<b>TOTAL ASSETS</b>		<b>21,614,566</b>	<b>10,189,478</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,068,212	750,357
Contract liabilities		879,042	521,874
Other liabilities		557,934	937,057
Contingent consideration liability	16	1,209,000	-
Employee benefits		480,914	263,687
Lease Liabilities		290,279	305,659
Borrowings	6	450,000	861,280
<b>Total Current Liabilities</b>		<b>4,935,381</b>	<b>3,639,914</b>
<b>Non-Current Liabilities</b>			
Employee benefits		139,825	105,983
Lease liabilities		58,033	138,129
Other non-current liabilities		17,965	-
Deferred tax liabilities	15	308,987	-
<b>Total Non-Current Liabilities</b>		<b>524,810</b>	<b>244,112</b>
<b>TOTAL LIABILITIES</b>		<b>5,460,191</b>	<b>3,884,026</b>
<b>NET ASSETS</b>		<b>16,154,375</b>	<b>6,305,452</b>
<b>EQUITY</b>			
Issued capital	7	57,668,833	41,649,827
Reserves		4,313,063	3,597,335
Accumulated losses		(45,827,521)	(38,941,710)
<b>TOTAL EQUITY</b>		<b>16,154,375</b>	<b>6,305,452</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED  
31 December 2021**

<u>Consolidated</u>	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2020</b>	<b>33,159,693</b>	<b>(35,919,963)</b>	<b>3,481,720</b>	<b>721,450</b>
Loss for the period	-	(449,098)	-	(449,098)
Other comprehensive income for the period	-	-	5,533	5,533
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(449,098)</b>	<b>5,533</b>	<b>(443,565)</b>
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during the year	1,447,128	-	-	1,447,128
<b>Total transactions with owners for the period</b>	<b>1,447,128</b>	<b>-</b>	<b>-</b>	<b>1,447,128</b>
<b>Balance at 31 December 2020</b>	<b>34,606,821</b>	<b>(36,369,061)</b>	<b>3,487,253</b>	<b>1,725,013</b>
<b>Opening Balance</b>				
<b>1 July 2021</b>	<b>41,649,827</b>	<b>(38,941,710)</b>	<b>3,597,335</b>	<b>6,305,452</b>
Loss for the period	-	(6,885,811)	-	(6,885,811)
Other comprehensive loss for the period	-	-	(62,230)	(62,230)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(6,885,811)</b>	<b>(62,230)</b>	<b>(6,948,041)</b>
<b>Transactions with owners in their capacity as owners</b>				
Share based payments	-	-	2,045,405	<b>2,045,405</b>
Shares issued during the year	14,751,559	-	-	<b>14,751,559</b>
Transfer from reserves	1,267,447	-	(1,267,447)	-
<b>Total transactions with owners for the period</b>	<b>16,019,006</b>	<b>-</b>	<b>777,958</b>	<b>16,796,964</b>
<b>Balance at 31 December 2021</b>	<b>57,668,833</b>	<b>(45,827,521)</b>	<b>4,313,063</b>	<b>16,154,375</b>

*The accompanying notes form part of these financial statements.*

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 December 2021**

	Note	Consolidated	
		31-Dec-21 \$	31-Dec-20 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,395,914	2,231,935
Payments to suppliers and employees		(9,617,770)	(4,078,164)
Interest received		705	578
Finance costs		(28,455)	(93,170)
Government grants received		1,464,433	1,615,746
Income tax (paid)/received		-	-
<b>Net cash used in operating activities</b>		<b>(4,785,173)</b>	<b>(323,075)</b>
<b>Cash flows from investing activities</b>			
Payment for acquisition of subsidiary, net of cash acquired		(1,010,042)	-
Purchase of plant and equipment		(117,885)	(131,528)
<b>Net cash used in investing activities</b>		<b>(1,127,927)</b>	<b>(131,528)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	7	9,996,500	-
Repayment of lease liabilities		(258,035)	(138,028)
Proceeds from borrowings	6	800,000	880,000
Repayment of borrowings	6	(1,266,927)	(1,209,804)
Transaction costs related to issues of equity		(314,085)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>8,957,453</b>	<b>(467,832)</b>
Net increase/(decrease) in cash and cash equivalents		3,044,353	(922,435)
Cash and cash equivalents at beginning of the half year		5,176,463	2,462,642
<b>Cash and cash equivalents at end of the half year</b>		<b>8,220,816</b>	<b>1,540,207</b>

*The accompanying notes form part of these financial statements.*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021

### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

SenSen Networks Limited is a public company, incorporated and domiciled in Australia.

These half year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the full financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by SenSen Networks Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards effective from 1 July 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These half-year financial statements were authorised for issue on 28 February 2022.

#### Significant Accounting Judgements, estimates and Assumptions

In applying the Company's accounting policies, management continually evaluates judgements, estimates and assumptions based on historical experience and other factors, including expectation of future events that may have an impact on the Company. All judgements, estimates, and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. There have been no changes to significant accounting estimates, judgements, assumptions or accounting policies from the 30 June 2021 annual financial statements. The most significant judgment, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

##### *Recognition of revenue*

The Group recognises revenue from either individual or multiple element arrangements such as hosting an installation, an assessment is made as to whether these give rise to separate performance obligations which are accounted for each individual element contained within the contract.

##### *Impairment of goodwill and intangible assets*

The Group is required to perform an annual impairment assessment of goodwill and *indefinite* life intangible assets, comparing the recoverable amount (i.e. the value-in-use) of the cash-generating unit to the carrying value. Assumptions are applied in this assessment, including the forecast period growth of the cash-generating unit, the long term growth rate and the discount rate. Refer to note 17 for further detail.

##### *Research and development tax incentive*

The Group is eligible for the Commonwealth Government research and development tax incentive. To be eligible the Group must meet stringent guidelines on what represents both core and supporting activities of research and development. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Going Concern**

As disclosed in the financial statements, the group has net operating cash outflows for the half-year of \$4,785,173 (31 December 2020: net operating outflows of \$323,075), and as at 31 December 2021 has a net current asset surplus of \$7,304,409 (30 June 2021: net current asset surplus of \$4,381,934). The Group also generated a loss after tax for the half-year of \$6,885,811 (31 December 2020: \$449,098).

The ability of the Group to continue as a going concern is principally dependent upon on one or more of the following conditions:

- The expected realisation of customer contracts in a manner that generates sustainable operating cash inflows; and
- The ability of the Group to raise sufficient capital as and when necessary.

These conditions give rise to material uncertainty, which may cast significant doubt over the Groups ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- Recent history of expanding into the overseas market and continued interest in the Group products;
- Discussions with parties interested in contributing capital;
- The ability to scale back expenditure as and when required to preserve cash if needed; and
- The directors do not expect a significant ongoing impact on the Group from COVID-19.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

**Changes to presentation – classification of expenses**

SenSen Networks Limited decided in the current financial period to change the classification of its expenses in the consolidated statement of profit or loss and other comprehensive income, as it is believed this will provide more relevant information to our stakeholders, and is more in line with common practice in the industry SenSen Networks Limited is operating in. The comparative information has been reclassified accordingly.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 2. REVENUE AND OTHER INCOME**

	Consolidated	
	31-Dec-21	31-Dec-20
	\$	\$
<b>Revenue from contracts with customers</b>		
Revenue recognised at a point in time	693,594	1,557,369
Revenue recognised over time	2,281,739	942,025
	<b>2,975,334</b>	<b>2,499,394</b>
<b>Other Income</b>		
Interest income	705	2,593
Government subsidies / grants	20,000	44,484
Research and development grants	1,830,387	1,588,148
<b>Total Other Income</b>	<b>1,851,092</b>	<b>1,635,225</b>
<b>Total revenue and other income</b>	<b>4,826,425</b>	<b>4,135,619</b>

**NOTE 3. SEGMENT REPORTING**

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.

AASB 8 *Operating Segments* states that similar operating segments can be aggregated to form one reportable segment.

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

- Smart Cities
- Retail (including Scancam)
- Casinos

Retail: This segment includes the results of Scancam that was acquired by SenSen in July 2021. Scancam delivers anti-fuel theft, retail loss prevention and smart asset protection, utilising the leading SenDISA software platform to create valuable data insights and analysis.

**Segment Revenues and Results**

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



**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 3. SEGMENT REPORTING (CONTINUED)**

	Smart Cities	Retail	Casinos	Consolidated	Smart Cities	Retail	Casinos	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
	Half-Year Ended 31 December 2021				Year ended 31 December 2020			
<b>Segment performance revenue</b>								
Revenue recognised at a point in time	304,359	389,235	-	693,594	1,549,447	-	7,922	1,557,369
Revenue recognised over time	1,699,856	440,987	140,896	2,281,739	879,059	-	62,966	942,025
<b>Total revenue</b>	<b>2,004,215</b>	<b>830,222</b>	<b>140,896</b>	<b>2,975,333</b>	<b>2,428,506</b>	<b>-</b>	<b>70,888</b>	<b>2,499,394</b>
Other income & interest income	1,073,835	355,084	422,173	1,851,092	851,864	-	783,361	1,635,225
<b>Total revenue and other income</b>	<b>3,078,050</b>	<b>1,185,306</b>	<b>563,069</b>	<b>4,826,425</b>	<b>3,280,370</b>	<b>-</b>	<b>854,249</b>	<b>4,134,619</b>
Segment expenses	(7,709,127)	(1,724,133)	(2,298,632)	(11,731,892)	(3,044,676)	-	(1,540,551)	(4,585,227)
<b>Segment result before tax</b>	<b>(4,631,077)</b>	<b>(538,827)</b>	<b>(1,735,563)</b>	<b>(6,905,467)</b>	<b>235,694</b>	<b>-</b>	<b>(686,302)</b>	<b>(450,608)</b>
Income tax benefit / (expense)	19,656	-	-	19,656	787	-	723	1,510
<b>Net loss after tax</b>	<b>(4,611,421)</b>	<b>(538,827)</b>	<b>(1,735,563)</b>	<b>(6,885,811)</b>	<b>236,481</b>	<b>-</b>	<b>(685,579)</b>	<b>(449,098)</b>
Depreciation and amortisation	448,606	36,851	76,903	562,360	124,629	-	114,607	239,236
Share-based payment expense	1,578,916	-	466,489	2,045,405	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021

NOTE 3. SEGMENT REPORTING (CONTINUED)

	Smart Cities	Retail	Casinos	Consolidated	Smart Cities	Retail	Casinos	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
	Half-Year Ended 31 December 2021				Year ended 30 June 2021			
<b>Segment Assets:</b>								
Segment assets	17,508,374	943,239	3,162,953	21,614,556	8,635,968	-	1,553,510	10,189,478
<b>Consolidated Total Assets</b>	<b>17,508,374</b>	<b>943,239</b>	<b>3,162,953</b>	<b>21,614,556</b>	<b>8,635,968</b>	<b>-</b>	<b>1,553,510</b>	<b>10,189,478</b>
<b>Segment Liabilities:</b>								
Segment liabilities	(4,140,314)	(663,582)	(656,295)	(5,460,191)	(3,142,937)	-	(741,089)	(3,884,026)
<b>Consolidated Total Liabilities</b>	<b>(4,140,314)</b>	<b>(663,582)</b>	<b>(656,295)</b>	<b>(5,460,191)</b>	<b>(3,142,937)</b>	<b>-</b>	<b>(741,089)</b>	<b>(3,884,026)</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 4. TRADE AND OTHER RECEIVABLES**

	Note	Consolidated	
		31 Dec 2021	30 Jun 2021
		\$	\$
<b>CURRENT</b>			
Trade Receivables		1,061,705	1,000,489
Allowance for expected credit losses		(98,345)	(21,747)
		<b>963,360</b>	<b>978,742</b>

**NOTE 5. INVENTORY**

	Note	Consolidated	
		31 Dec 2021	30 Jun 2021
		\$	\$
Raw materials		722,047	337,642
Finished goods		397,253	160,584
Provision for obsolete stock		(256,832)	(256,832)
		<b>862,468</b>	<b>241,394</b>

**NOTE 6. BORROWINGS**

		Consolidated	
		31-Dec-21	30-Jun-21
		\$	\$
Bank and other loans		450,000	861,280
<b>Total Current Borrowings</b>		<b>450,000</b>	<b>861,280</b>

Borrowings 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 interest of 5.45% is charged, and the loan was renewed in December 2020. The loan is secured by a letter of set-off between the Group and Commonwealth Bank of Australia over a Term Deposit.

A short-term working capital loan of \$380,000 was agreed with Rocking Horse Nominees Pty Ltd in December 2020. Fixed rate interest of 15% was charged. This loan was paid back during the current period. The loan was secured over the Research and Development refund. A general security deed was held by Rocking Horse Nominees Pty Ltd.

*Proceeds & repayments of borrowings:*

The loan balance in relation to Rocking Horse was \$380,000 and interest of \$31,280 at 30 June 2021. In the month of August 2021, SenSen increased this loan from Rocking Horse by a further \$800,000. In September 2021, SenSen received a refund from the Australian Tax Office and repaid Rocking Horse the total loan and interest of \$1,266,927.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 7. ISSUED CAPITAL**

**Share capital movement during the period:**

	Note	Consolidated	
		31-Dec-21 \$	30-Jun-21 \$
Ordinary shares	(a)	57,668,833	41,649,827

**(a) Share capital movement during the period**

	Consolidated			
	31 Dec 2021		30-Jun-21	
	No.	\$	No.	\$
Balance at beginning of the reporting period	518,159,232	41,649,827	447,236,086	33,159,693
Shares issued during the year (i)	122,589,811	15,103,635	70,922,146	8,597,634
Share Issue Costs (ii)	-	(352,076)	-	(107,500)
Shares issued under long term incentive plan (iii)	9,594,718	1,267,447	-	-
<b>Balance at end of period</b>	<b>650,342,761</b>	<b>57,668,833</b>	<b>518,159,232</b>	<b>41,649,827</b>

**Share capital movement during the period:**

(i) SenSen issued the following shares in the six months ended 31 December 2021:

- Scancam acquisition share issue  
On 21 July 2021, SenSen Networks Limited successfully completed the acquisition of Scancam Industries Pty Ltd (refer to note 14). 39,285,715 shares were issued on this date as part of the consideration paid based on the published share price on 21 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.

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

(iii) 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. Further disclosure of this is provided in note 8.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 8. SHARE BASED PAYMENTS**

**Employee Share Ownership Plan**

During the period 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:
    - o Continual service period;
    - o Revenue hurdles; and
    - o 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 \$2,045,405.

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**NOTE 9. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 10. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the period other than those shares issued via the LTI plan noted in Note 7, Issued Capital.

**NOTE 11. INTEREST IN SUBSIDIARIES**

**Information about Principal Subsidiaries**

The consolidated financial statements include the financial statements of SenSen Networks Limited and the subsidiaries listed below. The subsidiaries have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		At 31 Dec 2021	At 30 June 2021
SenSen Networks Group Pty Ltd	Australia	100%	100%
PT Orpheus Energy	Indonesia	100%	100%
SenSen Networks Singapore Pte Ltd	Singapore	100%	100%
SenSen Networks (Hong Kong) Limited	Hong Kong	100%	100%
SenSen Video Business Intelligence	India	100%	100%
SenSen Networks, Inc.	United States	100%	100%
SenSen Networks Operations Pty Ltd	Australia	100%	100%
SenSen Networks Gaming Pty Ltd	Australia	100%	100%
SenSen Networks Canada Limited	Canada	100%	-
Scancam Industries Pty Ltd	Australia	100%	-
Scancam Leasing Pty Ltd	Australia	100%	-
Scancam Operations Pty Ltd	Australia	100%	-
Fuel Recovery Services Australia Pty Ltd	Australia	100%	-

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 12. LOSS PER SHARE**

	Consolidated	
	31 Dec 2021	31 Dec 2020
Note	\$	\$
<b>Basic and diluted loss per share (cents)</b>	<b>(1.22)</b>	<b>(0.10)</b>
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
<b>Loss for the half-year attributable to the owners of the Company</b>	<b>(6,885,811)</b>	<b>(449,098)</b>
<b>Weighted average number of ordinary shares for the purposes of basic and diluted loss per share</b>	<b>564,808,940</b>	<b>456,860,686</b>

**NOTE 13. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD**

During the period ended 31 December 2021, the Group acquired 100% of the issued capital in Scancam Industries Pty Ltd, adding to the financial position and performance of the Group as at 31 December 2021. The disclosure for this is provided in note 15.

The financial performance of the Group was particularly influenced by the aggressive revenue growth strategy resulting in increased Staff costs and Consulting expenses compared to prior year including:

- One-off professional service costs (focused on business development and management initiatives).
- Staff headcount increases particularly for sales and marketing.
- Also included within the result for the half were additional accounting and legal costs flowing from M&A activities and professional services costs relating to the capital raising of \$10M in the period to 31 December 2021.

There are no other events and transactions that have occurred during the period that are significant to an understanding of the changes in financial position and performance of the Group since the end of the last annual reporting period that have not been disclosed within the notes to these financial statements.

**NOTE 14. EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since 31 December 2021 that have significantly affected the Group's operations, results or state of affairs, or may do so in the future years.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 15. BUSINESS COMBINATIONS**

On 26 May 2021, SenSen Networks Limited announced the acquisition of Scancam Industries Pty Ltd, acquiring 100% of the issued share capital. On 15 July 2021, SenSen Networks Limited held its General Meeting, approving the quotation of 39,285,715 shares to be issued as part of this business combination transaction. Following this, on 20 July 2021 SenSen Networks Limited successfully completed the acquisition of Scancam Industries Pty Ltd, acquiring 100% of the share capital of Scancam Industries Pty Ltd, a software company. The acquisition has significantly increased the group's market share in this industry and complements the group's existing software division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$
Purchase consideration, consisting of:	
Initial cash payment	1,000,000
Net working capital adjustment	197,000
Non-cash consideration shares	5,107,143
Provisionally determined deferred & contingent consideration	1,209,000
<b>Total purchase consideration</b>	<b>7,513,143</b>

The fair value of the 39,285,715 shares issued as part of the consideration paid for Scancam Industries Pty Ltd was based on the published share price on 20 July 2021 of \$0.13 per share.

The provisionally determined assets and liabilities recognised as a result of the acquisition are as follows:

Cash and cash equivalents	117,000
Trade debtors	407,000
Property, plant and equipment	5,000
Other assets	56,000
Tax receivable	167,000
Trade creditors	(386,000)
Other liabilities	(32,000)
<b>Net identifiable assets acquired</b>	<b>334,000</b>
<i>Add: acquired intangible assets</i>	
Brand name	223,000
Technology	920,000
Customer contracts and relationships	1,126,000
Goodwill	5,248,699
Deferred tax liability	(338,556)
<b>Net assets acquired</b>	<b>7,513,143</b>

The main factor represented in the Goodwill is the synergies from combining operations of SenSen Networks Limited and Scancam Industries Pty Ltd. This Goodwill balance is not expected to be deductible for tax purposes.

Acquisition costs expensed in the consolidated statement of profit or loss and other comprehensive income as part of the business combination amount to \$91,424. At acquisition date the Group estimates all balances of trade debtors acquired to be collected.

*Deferred and contingent consideration*

Payable in either cash or ordinary shares in SenSen (in the absolute discretion of the SenSen Board), up to a maximum of AUD \$4,163,380 over two payments, should the audited Business Annual Recurring Revenue (ARR) of the Scancam business reach AUD \$3,000,000. The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between \$0 and \$4,163,380.

*Post-acquisition results*

Following Scancam's acquisition by SenSen Networks Limited, the business has contributed \$830,222 in revenue to the SenSen Group and \$538,828 in net loss to the SenSen Group.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 16. RECOGNISED FAIR VALUE MEASUREMENTS**

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1: the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices);
- Level 3: a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

The following financial instruments are subject to recurring fair value measurements:

	Note	Consolidated	
		31 Dec 2021	30 Jun 2021
		\$	\$
Contingent consideration – level 3		1,209,000	-
		<b>1,209,000</b>	<b>-</b>

Contingent consideration has been recognised on the acquisition of Scancam Industries Pty Ltd as disclosed in note 15. The fair value of the contingent consideration of \$1,209,000 has been estimated by calculating the present value of the future expected cash outflows discounted. If Scancam Industries Pty Ltd exceeds its forecasted annual recurring revenue targets, this would result in a material change to the contingent consideration, up to a value of \$4,163,380.

**Reconciliation of level 3 movements**

The following table sets out the movements in level 3 fair values for contingent consideration payable:

	Note	Consolidated	
		31 Dec 2021	30 Jun 2021
		\$	\$
Opening balance 1 July		-	-
Recognised on business combination		1,209,000	-
Payments of contingent consideration		-	-
Fair value adjustments		-	-
		<b>1,209,000</b>	<b>-</b>

**Valuation processes for level 3 fair values**

Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2021**

**NOTE 17. IMPAIRMENT TESTING**

All cash generating units (CGUs) were reviewed for indicators of impairment as at 31 December 2021. Upon assessing the indicators of impairment for the period ending 31 December, the Group identified impairment indicators on the Snap Network Surveillance CGU, and as such, an updated impairment assessment was performed. The recoverable amount of the CGU was determined based on value-in-use calculations, consistent with the methods used for 30 June 2021. Projected cash flows were updated from the models used at 30 June 2021 to reflect current and forecast market conditions. The calculations use cash flow projects based on financial scenarios covering five years with growth rates that reflect the businesses projected growth over this period. As a result of the assessment, management did not identify impairment for the CGU tested. There were no impairment indicators for any of the other CGU's and therefore updated impairment calculations were not performed.

Revenue forecasts are based on historical amounts, adjusted for known and anticipated factors such as new contracts won and those reasonably assured of converting. Costs based on the CGU's incurrence of these items, factoring in forecast increases and estimated inflation rates over the forecast period. Capital expenditure is estimated based on current costs adjusted for anticipated future expectations.

<b>Key assumptions used in value in use calculations</b>	<b>31 Dec 2021 Snap CGU %</b>
Pre-tax discount rate	18.82%
Terminal value growth rate	3.00%

**Impact of possible changes in key assumptions used in value in use calculations**

The Directors have made judgements and estimates in respect to impairment testing. Should these judgements and estimates not occur the resulting CGU carrying amount may decrease.

A reasonable possible change in the most sensitive assumptions have the following impact:

- Discount rate: a discount rate of 35.70% would result in a material impairment;
- Terminal value growth rate: there is no reasonable decrease in the terminal growth rate that would result in a material impairment; and
- Cash flow forecasts: the group not achieving its cash flow forecasts consistently over the forecast period would result in a material impairment.

## Directors' Declaration

In accordance with a resolution of the directors of SenSen Networks Limited, the directors of the company declare that:

The financial statements and notes, as set out on pages 9 to 25, are in accordance with the Corporations Act 2001, including:

- a) complying with Accounting Standard AASB 134: Interim Financial Reporting, Corporations Regulations and other mandatory professional reporting requirements; and
- b) giving a true and fair view of the group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Subhash Challa, Chief Executive Officer and Chairman

Date: 28 February 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SenSen Networks Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of SenSen Networks Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**



**T R Mann**  
Director

Brisbane, 28 February 2022