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 2023

Results for announcement to the market
(all comparisons to half year ended 31 December 2022)

	2023 $'000	Up/(down) $'000	% Movement
Revenue from ordinary activities	5,421	552	11%
Loss from ordinary activities after income tax attributable to shareholders	(2,062)	2,503*	55%
Net loss for the period attributable to shareholders	(2,105)	2,430*	54%

'* Indicates an improvement from PCP

Note 1:

	2023 $'000	2022 $'000
Loss from ordinary activities after income tax attributable to shareholders	(2,062)	(4,566)
Non-cash adjustments		
Interest expense (finance costs)	238	203
Taxation	13	15
Depreciation and amortisation	736	501
Share based payment expense (non-cash)	455	366
EBITDA excluding share-based payment expense (Underlying profit performance)	**(620)**	**(3,481)**

Dividend Information

The company did not pay any dividends during the period.

Net Tangible Assets

	2023 $	2022 $
Net tangible assets per ordinary share	0.0004	0.001

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HALF-YEAR REPORT
AND
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Contents

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 2023 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
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 smart city and retail markets across three geographic segments.

Smart cities services include civic compliance, traffic data and law enforcement solutions to city councils, national parks, road authorities and transit agencies across the globe, while the company's retail offering include anti-theft and debt recovery services to fuel retailers.

During the period to company announced that it had exited the Gaming industry.

Dividends – SenSen Networks Limited

No dividends have been declared in the half-year financial statements ended 31 December 2023 (2022: 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 USA.
- Delivering solutions since 2011 to key customers in some of the largest cities in the world including, Singapore, Brisbane, Las Vegas, Chicago, Vancouver and Sydney.
- Solutions across Smart cities, Roads & Transport, and Retail industries.

Business Update

Key highlights for the six months ending 31 December 2023 are outlined below.

Financial Performance

Key highlights include:

1. For the first time in the company's history, SenSen has delivered a cash flow positive half year on an operating basis. Operating cash inflow for the half was $597,618 compared to an outflow in the prior comparative period (PCP) of $2,173,535.
2. Record first half revenues of $5,420,899 representing 11% growth on prior comparative period (PCP) for Dec 2022 of $4,869,248.
3. Record first half customer cash receipts of $6,086,677 a 18% increase over the PCP in H1 FY23.
4. Net loss of $2,062,306 during the six-months to 31 December 2023, compared to $4,565,748 loss reported in PCP. The financial performance of the Group reflects efforts undertaken in the last 18 months to reset the cost base of the business and transform the operating model of the business.
5. Cash on hand was $2,840,222 as at 31 December 2023 compared to $1,897,681 as at 30 June 2022.

Directors' Report (cont'd)

EBITDA (excluding share-based payments)

The company measures EBITDA, excluding share-based payments, in order to assess the operational performance of the business after removing non-cash items. This same measure is used in calculating the company's long-term incentive plan (ESOP). EBITDA is a non-IFRS measure.

As shown below, the company achieved a $2,860,611 improvement in the half year, compared to the prior comparable period is a result of the company's continued revenue growth which was delivered by a smaller more focused workforce.

	Consolidated	
	31-Dec-23	31-Dec-22
	$	$
EBITDA (excluding share-based payments)		
Loss before income tax	**(2,049,165)**	**(4,550,931)**
Add back: Interest expense (finance costs)	237,695	202,677
Add back: Depreciation and amortisation	736,250	501,100
Add back: Share based payments	454,745	366,068
EBITDA (excluding share-based payments)	**(620,475)**	**(3,481,086)**

EBITDA is a non-IFRS measure and has not been audited or reviewed.

Growth off a lower cost base

During the period the company was able to deliver record cashflow, the first time the company has recorded a positive operating cash flow in H1, and record H1 revenue, off a lower cost base. This has been achieved by transforming the company from a development led business into one delivering mature products on a consistent basis with limited customization. By standardizing the delivery model, the company is able to deliver a market leading, AI driven products in a shorter period of time to more customers.

SenSen's Hyderabad shared service centre has been instrumental in helping build and productise the SenSen range of services. At the beginning of the prior financial year (July 2023) FTE at the centre was approximately 140 heads and as SenSen has refined its business, it has been able to reduce the size of the service centre. Following reductions made in the half year, the centre now stands at 47 heads.

These reductions have come as a result of the board's decision to make SenSen's solutions more consistent and less customisable. The reductions were spread across development, support and annotations as demand for these services reduces in line with the simplification of the SenSen portfolio. Furthermore the centre is now being managed by existing Australian based department heads, further integrating and aligning the centre with the broader business.

Directors' Report (cont'd)

US Opportunity

The US market presents a significant opportunity for SenSen, where a niche market has developed in the curb management space. SenSen is uniquely positioned with the most flexible product to capture this opportunity. To expedite traction in this market, SenSen has partnered with BlueSystems to successfully gain access to the US government cooperative purchasing solution, Sourcewell.

Under this partnership SenSen has already achieved a major milestone by securing the Sourcewell contract for curb management solutions in the USA. This tender win, achieved in collaboration with channel partner Bluesystems Inc., enables USA government customers to procure SenSen curb management solutions without going through their own individual tender process, helping us to accelerate revenue opportunities. The partnership with Bluesystems Inc establishes a strong sales pipeline of 20 cities in the USA, with active engagements including multiple proof of concept trials currently underway. Successful completion is likely to lead to accelerated procurement via the Sourcewell procurement process.

In addition to the Sourcewell procurement avenue, SenSen has also been targeting recipients of federal strengthening mobility and revolutionizing transportation (SMART) grants. So far 59 projects have been approved for the US$2m grants, 9 of which are purposely for curb management solutions in major American cities. SenSen has been in active discussions with these recipients and to date has completed one pilot project in California.

It is the company's expectation that through a combination of mature products, standardized delivery, and local market capability through partnerships, that SenSen are positioned well to take a significant share of the American smart city market.

Annual General Meeting

At our Annual General Meeting of shareholders held on 28 November 2023, 14 resolutions were put to the meeting, of which 11 were passed on a poll. Resolutions were as follows:

Resolution 1: Adoption of Remuneration Report (Not Passed)
Resolution 2: Re-election of Mr Zenon Pasieczny (Passed)
Resolution 3: Approval of prior issue of Deferred Consideration Shares for the purposes of ASX Listing Rule 7.4 (Passed)
Resolution 4: Approval of prior issue of Salary Sacrifice Shares for the purposes of ASX Listing Rule 7.4 (Passed)
Resolution 5: Issue of Shares under the SenSen Incentive Plan to a Related Party for past performance – Mr Subhash Challa (Passed)
Resolution 6: Issue of Shares under the SenSen Incentive Plan to a Related Party for past performance – Mr David Smith (Passed)
Resolution 7: Issue of Performance Rights under the SenSen Incentive Plan for future performance to a Related Party for the purposes of ASX Listing Rule 10.14 – Mr Subhash Challa
Resolution 8: Issue of Performance Rights under the SenSen Incentive Plan for future performance to a Related Party for the purposes of ASX Listing Rule 10.14 – Mr David Smith
Resolution 9: Issue of Shares under the SenSen Salary Sacrifice Plan to a Related Party for the purposes of ASX Listing Rule 10.14 – Mr Subhash Challa (Passed)
Resolution 10: Issue of Shares under the SenSen Salary Sacrifice Plan to a Related Party for the purposes of ASX Listing Rule 10.14 – Mr David Smith (Passed)
Resolution 11: Approval of 10% Placement Facility (Not Passed)
Resolution 12: Approval of SenSen Incentive Plan for the purpose of ASX Listing Rule 7.2, Exception 13(b) (Passed)
Resolution 13: Approval of SenSen Salary Sacrifice Plan for the purpose of ASX Listing Rule 7.2, Exception 13(b) (Passed)
Resolution 14: Renewal of proportional takeover approval provisions (Not Passed)

Directors' Report (cont'd)

Shares and Options

The following shares were issued during the period:

No. of Shares	
Balance at 30 June 2023	**679,232,349**
Shares issued under SenSen Salary Sacrifice Plan on 4 July	527,629
Shares issued as staff remuneration on 4 July	575,629
Shares issued under SenSen Salary Sacrifice Plan on 1 August	478,970
Shares issued under SenSen Salary Sacrifice Plan on 5 September	409,859
Shares issued under SenSen Salary Sacrifice Plan on 10 October	60,157
Shares issued as remuneration on 10 October	462,261
Shares issued in deferred consideration for the acquisition of Scancam Industries Pty Ltd on 6 November 2023	17,036,806
Shares issued to ESOP LTI,on 1 December 2023	15,888,175
Shares issued under SenSen Salary Sacrifice Plan and as remuneration on 1 December	3,007,760
Non-Renounceable Entitlement Offer 27 December	52,443,130
Balance at 31 December 2023	**770,122,725**

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 7.

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

Subhash Challa, CEO and Chairman

Date: 29 February 2024

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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 2023, 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, 29 February 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 December 2023

	Note	Consolidated 31-Dec-23 $	Consolidated 31-Dec-22 $
Revenue from contracts with customers			
Sales Revenue	2	5,420,899	4,869,248
Cost of Sales		(1,293,838)	(1,651,336)
Gross Profit		4,127,061	3,217,912
Other income	2	1,148,092	1,226,046
Interest income	2	17,277	3,261
Expenses			
Administration expense		(685,704)	(698,623)
Advertising and Marketing expense		(341,567)	(311,501)
Other expenses	3	(1,151,206)	(1,473,765)
Finance cost		(237,695)	(202,677)
Occupancy cost		(89,488)	(161,861)
Staff cost		(2,968,702)	(4,275,462)
Technology costs		(669,887)	(859,234)
Depreciation and Amortisation		(736,250)	(501,100)
Share based payments	9	(454,745)	(366,068)
Fair value gain or loss	15	(6,351)	(147,859)
Loss before income tax		**(2,049,165)**	**(4,550,931)**
Income tax benefit/(expense)		(13,141)	(14,817)
Net loss for the period		**(2,062,306)**	**(4,565,748)**
Loss attributable to members of the parent entity		**(2,062,306)**	**(4,565,748)**
		(2,062,306)	**(4,565,748)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign controlled entities		(43,064)	29,883
Other comprehensive income/(loss)		**(43,064)**	**29,883**
Total comprehensive loss for the period attributable to:			
- Members of the parent entity		**(2,105,370)**	**(4,535,865)**
Loss per share:			
Basic and diluted loss per share (cents)	12	**(0.30)**	**(0.70)**

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023

	Note	Consolidated 31-Dec-23 $	Consolidated 30-Jun-23 $
ASSETS			
Current Assets			
Cash and cash equivalents		2,840,222	1,897,681
Trade and other receivables	5	1,292,292	1,467,415
Contract assets		525,123	424,229
Inventory		417,248	485,731
Other assets	6	2,045,957	3,011,208
Total Current Assets		**7,120,842**	**7,286,264**
Non-Current Assets			
Intangibles	16	1,210,030	1,689,804
Goodwill	16	5,632,016	5,632,016
Right of use asset		1,118,184	1,295,479
Other assets		16,178	38,720
Property, plant and equipment		325,825	396,071
Total Non-Current Assets		**8,302,233**	**9,052,090**
TOTAL ASSETS		**15,423,075**	**16,338,354**
LIABILITIES			
Current Liabilities			
Trade and other payables		3,404,170	3,217,654
Contract liabilities		1,149,865	1,103,746
Contingent consideration liability	15	-	887,154
Employee benefits		609,084	665,601
Lease Liabilities		327,778	286,880
Borrowings	7	1,735,742	3,101,458
Total Current Liabilities		**7,226,639**	**9,262,493**
Non-Current Liabilities			
Employee benefits		182,170	107,446
Lease liabilities		895,315	1,090,787
Other non-current liabilities		-	-
Deferred tax liabilities		-	-
Total Non-Current Liabilities		**1,077,485**	**1,198,233**
TOTAL LIABILITIES		**8,304,124**	**10,460,726**
NET ASSETS		**7,118,951**	**5,877,628**
EQUITY			
Issued capital	8	63,802,683	59,906,517
Reserves		3,804,629	4,397,166
Accumulated losses		(60,488,361)	(58,426,055)
TOTAL EQUITY		**7,118,951**	**5,877,628**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 December 2023

Consolidated	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
1 July 2022	**57,856,852**	**(51,016,871)**	**5,477,140**	**12,317,121**
Loss for the period	-	(4,565,748)	-	(4,565,748)
Other comprehensive loss for the period	-		29,883	29,883
Total comprehensive loss for the period	**-**	**(4,565,748)**	**29,883**	**(4,535,865)**
Transactions with owners in their capacity as owners				
Share based payments	-	-	366,068	366,068
Shares issued during the year	623,270	-	-	623,270
Transfer from reserves	1,398,484	-	(1,398,484)	-
Total transactions with owners for the period	**2,021,754**	**-**	**(1,032,416)**	**989,338**
Balance at 31 Dec 2022	**59,878,606**	**(55,582,619)**	**4,474,607**	**8,770,594**
Opening Balance				
1 July 2023	**59,906,517**	**(58,426,055)**	**4,397,166**	**5,877,628**
Loss for the period	-	(2,062,306)	-	(2,062,306)
Other comprehensive loss for the period	-	-	(43,064)	(43,064)
Total comprehensive loss for the period	**-**	**(2,062,306)**	**(43,064)**	**(2,105,370)**
Transactions with owners in their capacity as owners				
Share based payments	45,236	-	409,509	454,745
Shares issued during the year	2,891,948	-	-	2,891,948
Transfer from reserves	958,982	-	(958,982)	-
Total transactions with owners for the period	**3,896,166**	**-**	**(549,473)**	**3,346,693**
Balance at 31 Dec 2023	**63,802,683**	**(60,488,361)**	**3,804,629**	**7,118,951**

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 December 2023

	Note	Consolidated 31-Dec-23 $	31-Dec-22 $
Cash flows from operating activities			
Receipts from customers		6,086,677	5,160,335
Payments to suppliers and employees		(7,715,201)	(9,412,154)
Interest received		17,277	3,261
Finance costs		(330,189)	(201,403)
Government grants received		2,539,053	2,276,426
Net cash used in operating activities		**597,617**	**(2,173,535)**
Cash flows from investing activities			
Purchase of plant and equipment		(25,497)	(161,284)
Proceeds from deposits		-	15,726
Net cash used in investing activities		**(25,497)**	**(145,558)**
Cash flows from financing activities			
Proceeds from issue of shares	8	2,097,725	-
Repayment of lease liabilities		(154,574)	(54,636)
Proceeds from borrowings	7	1,547,503	1,480,005
Repayment of borrowings	7	(3,058,722)	(1,500,000)
Transaction costs related to issues of equity	8	(86,580)	-
Net cash provided by/(used in) financing activities		**345,352**	**(74,631)**
Net increase/(decrease) in cash and cash equivalents		917,472	(2,393,724)
Effects of exchange rate changes on cash and cash equivalents		25,069	(68,566)
Cash and cash equivalents at beginning of the half year		1,897,681	6,213,860
Cash and cash equivalents at end of the half year		**2,840,222**	**3,751,570**

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2023 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 2022 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 2023. 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 29 February 2024.

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 2023 annual financial statements. The most significant judgment, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

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

Going Concern

As disclosed in the financial statements, the group has net operating cash inflows for the half-year of $597,617, the first time in the company's history that a positive operating cash flow has been achieved in the half year (31 December 2022: net operating outflows of $2,173,535), and as at 31 Dec 2023 has a net current asset deficit of $105,797 (30 June 2023: net current asset deficit of $1,976,229). The Group also generated a loss after tax for the half-year of $2,062,306 (31 December 2022: $4,565,748).

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

- The ability to meet its internal cash flow forecasts, in particular the Group's revenue growth targets and reductions in operating cost expectations;
- The ability of the Group to draw down on its unused loan facilities; 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:

- the Group has prepared a cash flow forecast based on reasonable assumptions that the directors believe are achievable;
- The directors believe the Group has the ability to further scale back expenditure as and when required to preserve cash if needed; and
- The Group has demonstrated the ability to raise capital when required.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 2. REVENUE AND OTHER INCOME

	Consolidated	
	31-Dec-23	31-Dec-22
	$	$
Revenue from contracts with customers		
Revenue recognised at a point in time	1,424,757	1,425,441
Revenue recognised over time	3,996,142	3,443,807
	5,420,899	**4,869,248**
Other Income		
Interest income	17,277	3,261
Research and development grants	1,148,092	1,226,046
Total Other Income	**1,165,369**	**1,229,307**
Total revenue and other income	**6,586,268**	**6,098,555**

NOTE 3. OTHER EXPENSES

	Consolidated	
	31-Dec-23	31-Dec-22
	$	$
Other Expenses		
Legal Fees	214,900	269,888
Patents	109,557	153,841
Audit, bookkeeping, tax	253,955	337,782
Contractors	393,232	496,765
Other including registry and listing costs	179,562	215,489
Total Other Expenses	**1,151,206**	**1,473,765**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 4. 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 determined on a geographical basis as follows:

- Australia and New Zealand
- North America (comprising USA and Canada)
- Asia

As the group have continued to align the operations of the business under a common structure, the business now operates on a purely geographical basis. This is further evident with the company's exit from the Gaming industry following settlement of the Angel patent dispute, and the full integration of the former Scancam retail business into the SenSen platform.

The company's focus over the coming year will be to fully exploit the significant opportunity that the North American market presents.

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.

SenSen sells a range of software products which utilise Artificial Intelligence to identify and provide data on images sourced from video footage. The software is adaptable and can be applied to a range of scenarios across all jurisdictions.

With shared development and customer support costs being incurred in India, via the company's share service centre in Hyderabad, and in corporate costs via the company's corporate headquarters in Australia, it is necessary to allocate these costs across the regions. To do this, a regions' share of revenue has been used as the basis for cost allocation.

	ANZ	North America	Asia	Consolidated	ANZ	North America	Asia	Consolidated
	$	$	$	$	$	$	$	$
	31-Dec-23				31-Dec-22			
Revenue	3,589,497	1,159,633	671,769	5,420,899	3,319,163	1,024,718	525,367	4,869,248
Cost of goods sold	(1,198,596)	(93,833)	(1,409)	(1,293,838)	(1,608,618)	(37,916)	(4,802)	(1,651,336)
Gross Margin	**2,390,901**	**1,065,800**	**670,360**	**4,127,061**	**1,710,545**	**986,802**	**520,565**	**3,217,912**
Gross Margin %	*67%*	*92%*	*100%*	*76%*	*52%*	*96%*	*99%*	*66%*
Other income	1,165,369	0	0	1,165,369	1,229,307	0	0	1,229,307
Regional Operating costs	(1,525,244)	(670,630)	(90,637)	(2,286,511)	(1,461,690)	(854,385)	(217,864)	(2,533,939)
India Shared services	(814,668)	(263,189)	(152,464)	(1,230,321)	(883,345)	(272,713)	(139,818)	(1,295,876)
Corporate Shared services	(2,532,602)	(818,189)	(473,972)	(3,824,763)	(3,523,039)	(1,087,660)	(557,637)	(5,168,336)
Segment result before tax	**(1,316,244)**	**(686,208)**	**(46,713)**	**(2,049,165)**	**(2,928,222)**	**(1,227,956)**	**(394,754)**	**(4,550,931)**
Income tax	(8,669)	0	(4,472)	(13,141)	0	0	(14,817)	(14,817)
Net loss	**(1,324,913)**	**(686,208)**	**(51,185)**	**(2,062,306)**	**(2,928,222)**	**(1,227,956)**	**(409,571)**	**(4,565,748)**

	ANZ	North America	Asia	Consolidated	ANZ	North America	Asia	Consolidated
	$	$	$	$	$	$	$	$
	31-Dec-23				30-Jun-23			
Segment Assets:								
Segment assets	13,016,133	1,542,836	864,106	15,423,075	13,332,380	1,701,100	1,304,874	16,338,354
Segment liabilities	(7,459,974)	(821,261)	(22,889)	(8,304,124)	(8,439,818)	(1,338,878)	(682,030)	(10,460,726)
Net Assets	**5,556,159**	**721,575**	**841,217**	**7,118,951**	**4,892,562**	**362,222**	**622,844**	**5,877,628**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 5. TRADE AND OTHER RECEIVABLES

	Note	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
CURRENT			
Trade Receivables		1,408,687	1,723,810
Allowance for expected credit losses		(116,395)	(256,395)
		1,292,292	**1,467,415**

NOTE 6. OTHER ASSETS

	Note	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
R&D refund receivable		1,147,823	2,538,784
Prepayments and other assets		898,134	472,424
		2,045,957	**3,011,208**

The R&D refund receivable is an annual grant paid on R&D work done in the financial year. The FY23 grant was received during the period, and an accrual was raised for the pro-rated FY24 grant, being six months. This compares to the 30 June 2023 accrual for a twelve-month grant.

Prepayments have increased due to inventory prepayments related to fulfilling the NHVR contract being recorded in the first half which will be received in the second half of FY24.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 7. BORROWINGS

		Consolidated	
		31 Dec 2023	30 Jun 2023
		$	$
(a)	Bank loans	450,000	450,000
(b)	Other loans	1,048,095	2,651,458
(c)	Insurance premium funding	237,647	-
Total Current Borrowings		**1,735,742**	**3,101,458**

(a) Borrowings includes a bank loan 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 8.07% is charged, and the loan was renewed in December 2023. The loan is secured by a letter of set-off between the Group and Commonwealth Bank of Australia over a Term Deposit.

Proceeds & repayments of borrowings:

(b)The loan balance in relation to Rocking Horse was $1,619,347 and accrued interest of $114,822 at 30 June 2023. In November 2023, SenSen received a refund from the Australian Tax Office and repaid Rocking Horse the total loan and interest of $2,019,347. To replace this loan, a short-term loan of $500,000 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. The balance of this loan at 30 June 2023 was $500,000.

During the period, the Company also drew down on, and partially repaid loans from Subhash Challa. The loan balance at 30 June 2023 was $508,380 inclusive of accrued interest of $8,380, against which $507,160 was repaid, and a further $421,503 was drawn down on in the six months to 31 December 2023, leaving a closing balance of $422,723.

During the period, Directors David Smith and Zenon Pasieczny also extended loans of $50,000 each to the company which were repaid in the period with interest of $628 each at a rate of 7.47%.

The Company has two facilities with TP24, totalling $800,000 which were drawn down on by a total of $125,372 at 31 December 2023. 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.

(c)The company also has an insurance premium funding arrangement for its annual insurance premiums which accrues interest at a rate of 10.22% p.a. and has been classified as a loan of $237,647.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 8. ISSUED CAPITAL

Share capital movement during the period:

	Note	Consolidated	
		31-Dec-23	30-Jun-23
		$	$
Ordinary shares	(a)	63,802,683	59,906,517

(a) Share capital movement during the period

	31-Dec-23	
	No.	$
Balance at beginning of the reporting period	679,232,349	59,906,517
Shares issued as deferred consideration (i)	17,036,806	880,803
Shares issued as remuneration (ii)	1,037,890	45,236
Shares issued under long term incentive plan (iii)	15,888,175	765,801
Shares issued via salary sacrifice share scheme (iv)	4,484,375	193,181
Shares issued under non-renounceable entitlement offer (v)	52,443,130	2,097,725
Share Issue Costs	-	(86,580)
Balance at end of period	**770,122,725**	**63,802,683**

Share capital movement during the period:

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

Six months ended 31 December 2023:

(i) Scancam acquisition deferred consideration via share issue
On 6 November 2023 Sensen issued 17,036,806 shares as part of the consideration for the 2021 acquisition of Scancam which was deferred until after the publication of 30 June 2023 results. This was paid based on the volume weighted average share price (VWAP) in the 7 days prior to the 12-month anniversary of the completion date of $0.0517 per share.

(ii) Shares as Remuneration
1,037,890 shares were issued to staff as remuneration during the period. This included $27,273 accrued at 30 June 2023 and $17,962,68 incurred in the period ended 31 December 2023.

(iii) Employee Long Term Incentive Plan
On 6 November 2023, 12,075,084 shares were issued in relation to the Group’s long term incentive plan. The shares were issued at a price of $0.0482 per share based on the 5 day VWAP up to and including the date of the financial report release of 29 September 2023.

(iv) 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. 4,484,375 shares were issued under this plan in the period to 31 December 2023.

(v) Non-renounceable Entitlement Offer
In December 2023 the company completed a fully underwritten non-renounceable entitlement offer, raising $2,097,725 via the issue of 52,443,130 shares at a price of $0.04 per share. Transaction costs for the issue were $86,580.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 9. 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 2024 – 2026. 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 December 2024, 2025 and 2026 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 (excluding share based payments) 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 expense recognised in the period ended 31 December 2023 relating to the ESOP plan for 2024 was $105,985.

Salary Sacrifice and other share based payments

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. 4,484,375 shares were issued under this plan in the period to December.

A further 1,037,890 share were issued to staff during the period as remuneration.

NOTE 10. CONTINGENT LIABILITIES

On 27 October 2023, SenSen announced that the Federal Court of Australia and the Republic of the Philippines Regional Trial Court proceedings commenced by Angel Group Co., Ltd and its related companies, whereby it was alleged that SenSen had infringed Angel's patents have been settled on a without admissions basis. SenSen had vigorously defended the Proceedings. The Proceedings will be dismissed with the parties to bear their own costs.

Under the terms of the settlement agreement with Angel (Settlement Agreement) it has been agreed SenSen will transfer certain customer contracts in the casino market to Angel; SenSen will transfer certain intellectual property rights owned by SenSen, relating to the gaming industry, to Angel; SenSen is free to provide parking and smart surveillance solutions (excluding gaming table monitoring) to casino properties; and SenSen and Angel will release each other in relation to claims and possible claims.

As previously disclosed to the market, the gaming component of SenSen's business reflects less than 10% of its annual revenue. The transfer of these assets reflects the go forward strategy of SenSen to exit the gaming industry and focus on Smart Cities market expansion.

In addition to the above, SenSen and Angel have entered into a placement agreement (Placement Agreement) pursuant to which Angel has subscribed for 45 million ordinary shares in SenSen (Subscription Shares) at A$0.04 per Subscription Share to raise a total of A$1.8M. The Subscription Shares will be issued once the Proceedings have been dismissed.

The company is confident that all of its obligations under the settlement will be met by 17 March, after which time it expects proceedings to be dismissed.

No provision has been recorded for any additional costs due to the majority of SenSen's costs being covered by the company's IP insurance. Should the proceedings not be finalised as expected it is not yet practicable to estimate the financial outflows that may result from any further legal proceedings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 December 2023

NOTE 11. RELATED PARTY TRANSACTIONS

Refer to note 7 for information on the borrowings from the Group's key management personnel Subhash Challa, David Smith, and Zenon Pasieczny.

There were no other related party transactions during the period other than those shares issued via the LTI plan noted in Note 8, Issued Capital and Note 9, Share-based payments.

NOTE 12. LOSS PER SHARE

		Consolidated	
		31 Dec 2023	31 Dec 2022
	Note	$	$
Basic and diluted loss per share (cents)		**(0.30)**	**(0.70)**

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Loss for the half-year attributable to the owners of the Company		**(2,062,306)**	**(4,565,748)**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share		**690,575,691**	**656,003,695**

NOTE 13. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

There are no other events and transactions except as disclosed in this half year report 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 2023 that have significantly affected the Group’s operations, results or state of affairs, or may do so in the future years.

NOTE 15. 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:

		Consolidated	
		31 Dec 2023	30 Jun 2023
	Note	$	$
Contingent consideration – level 3		-	887,154
		-	**887,154**

Contingent consideration was initially recognised on the acquisition of Scancam Industries Pty Ltd. Following the payment of the first instalment of deferred consideration of $623,270, the fair value of the remaining contingent consideration of $887,154 was estimated at 30 June 2023 by calculating the present value of the future expected cash outflows. This second tranche of deferred consideration was settled via the issue of 17,036,806 shares on 6 November 2023. No further deferred consideration is payable at 31 December 2023.

Reconciliation of level 3 movements

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

		Consolidated	
		31 Dec 2023	30 Jun 2023
	Note	$	$
Opening balance 1 July		887,154	1,362,565
Recognised on business combination		-	-
Payments of contingent consideration by issue of shares		(880,803)	(623,270)
Fair value adjustments		(6,351)	147,859
		-	**887,154**

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 2023

NOTE 16. IMPAIRMENT

Goodwill is monitored by management at the lowest cash-generating unit level, being that of Snap Network Surveillance Pty Ltd (i.e. SenTrack), and the Scancam group acquisition (Scancam). The goodwill and other intangibles are therefore entirely allocated to these cash-generating units as shown below:

	31 Dec 2023		30 June 2023	
	Patents & other acquired intangible assets $	Goodwill $	Patents & other acquired intangible assets $	Goodwill $
SenTrack	293,547	383,399	453,634	383,399
Scancam	916,483	5,248,617	1,236,170	5,248,617
	1,210,030	5,632,016	1,689,804	5,632,016

All cash generating units (CGUs) were reviewed for indicators of impairment as at 31 December 2023. Upon assessing the indicators of impairment for the period ending 31 December, it was determined that no indicators of impairment were present..

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 8 to 22, 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 2023 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, CEO and Chairman

Date: 29 February 2024

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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 2023, 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 2023 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 2023 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

BDO

TMann

T R Mann
Director

Brisbane, 29 February 2024