Annual Report

for the year ended 30 June 2021

sensen.ai
solving the impossible

SenSen Networks Limited and Controlled Entities

ABN 67 121 257 412

Corporate Information

SenSen Networks Limited

ACN 121257412

Directors

Dr Subhash Challa, Executive Chairman

Mr Zenon Pasieczny, Non-Executive Director

Mr David Smith, Executive Director

Ms Heather Scheibenstock, Executive Director

Company Secretary

Mr David Smith

Chief Financial Officer

Mr Jonathan Cook

Registered Office and Principal Place of Business

Level 1, 9 Harper Street, Abbotsford
Melbourne, VIC 3067
Telephone: +61 3 9417 5368

Share Register

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Australia:	1300 850 505
Overseas callers:	+61 3 9415 4000
Facsimile:	+61 3 9473 2500
Internet:	www.computershare.com.au

Stock Exchange Listing

SenSen Networks Limited shares are listed on the Australian Securities Exchange (ASX Code: SNS) and the OTC:SNNSF (OTCQB).

Solicitors

Thomson Geer Lawyers
Level 16, Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Auditors

BDO Audit Pty Ltd
Level 10, 12 Creek St
Brisbane City, QLD 4000

Bankers

Commonwealth Bank of Australia
727 Collins Street
Melbourne VIC 3000

Website

www.sensen.ai

Letter from the Chair & CEO

Dear Fellow Shareholders,

I warmly welcome all new and existing shareholders to SenSen's Annual Report for the financial year ended 30 June 2021 – a year of unprecedented success since listing on the ASX in 2017.

In our increasingly complex world, it has never been more vital for cities and enterprises to run efficiently and productively for the benefit of all stakeholders.

To optimise the management of the complex interactions that lie at the heart of modern cities and enterprises – the movement of people, vehicles and objects – we've built the AI platform, SenDISA, that powers all SenSen applications.

It's a platform that has generated record revenues for our company while improving the lives of millions of people who enjoy safer roads, more pleasant commuting journeys, more efficient parking, and leisure opportunities because of it. Best of all, we're only just getting started.

It's a horizontal sensor AI technology platform capable of gathering, analysing and fusing data from every sensing device in common use today – cameras, radar, Lidar, GPS, passive infrared sensors – to solve problems across all industries that were often considered impossible to solve through traditional means.

We've made our mark in four business verticals – Smart Cities, Casinos, Retail, Smart Surveillance – and have a pipeline of emerging technology applications in many attractive new sectors. All our solutions are built on SenSen's intellectual property that is protected by a significant and growing patent vault. SenSen currently has a patent portfolio covering 8 patent families, 4 of them are granted and the remaining are patent pending. More patents are planned for submission in the near term.

SenSen achieved record-breaking revenues for the financial year 2021 of $5,532,537 with 47% growth year-on-year proforma basis. We delivered Annual Recurring Revenue (ARR) of $2,673,821 with continued ARR growth of 33% proforma. SenSen reported strong business performance this financial year with increased customer contracts across new and established territories. Proudly, I can report an estimated customer net retention rate for FY22 of 120%+, which reflects the value we bring to improving the business operations and customer service experiences of our existing customers.

Despite COVID-19 disrupting the rest of the business world, our growth in international markets was unhampered. The pandemic has highlighted the urgent need for many industries and cities to have real-time data insights, to be responsive to changes, and to be able to respond to customer demands and evolving needs.

It means intelligent decision making is ever critical in every industry. The success of our landmark contract with the City of Las Vegas (Nevada, USA) for parking management and enforcement, new and enhanced contracts with Chicago Parking Meters LLC and the renewals and extensions from the cities of Calgary and Edmonton (Canada) demonstrate a stable, high-reference client base in North America to further accelerate sales growth in the region.

SenSen has a growing global workforce, and I am pleased to say that all of our staff members from data engineers through to executive management have all been safe throughout this global pandemic. Our agile workforce has been able to continue working safely during this disrupted time while also securing new and expanding customers.

The board oversaw several significant corporate milestones this financial year, all of which align with our long term goal to list SenSen on NASDAQ.

Letter from the Chair & CEO

- At the start of the 2021 financial year, SenSen achieved an important milestone of listing on the OTCQB (SNNSF) venture market in the USA, to simplify US investors participation in the SenSen growth story.
- In alignment with our active growth strategy, SenSen acquired the Snap Network Surveillance business, a world leader in AI-powered multi-camera tracking software. This strategic acquisition enabled SenSen to bring in-house all intellectual property including patents, trademarks, and know-how to launch a groundbreaking new capability to autonomously track people and objects across large scale camera networks. This has now become integral part of our proprietary platform SenDISA.
- This followed the successful capital rase of $7.15M in January 2021 indicating strong market demand from institutional and sophisticated investors for our investment thesis. The funds are being invested to accelerate revenue and enhance our delivery capabilities to global customers, especially in the US.
- Since the capital raise, we established our North American headquarters in Las Vegas with strong support and subsidies from the government of Nevada and have made key hires to support sales growth in the region.
- In other corporate activity, towards the end of the last quarter, SenSen entered into an acquisition agreement with Scancam Industries Pty Ltd – specialists in the retail sector, specifically fuel theft. This acquisition, which was completed in the first quarter of the new financial year, significantly unlocks future revenue in our platform via organic and targeted growth in the Australian fuel retailer market growing from 250 customers to 1,000 in the next three years; there are a total of 6,500 service stations in Australia alone. Simultaneously our dedicated sales team is already looking to secure clients from the broader retail market with the view to secure customers in this adjacent market both in Australia and overseas.

We have committed to continued investment in SenSen's technology capability to deliver on our future roadmap. We have rebranded and changed our web presence to www.sensen.ai to better reflect our vision and capabilities to deliver sophisticated AI-driven, data-fusion solutions. We are on track with our plans to scale rapidly across all business verticals and are looking to build growth momentum by:

- **Investing** – developing our marketing and sales channels to support accelerated growth into the Smart Cities, Retail, Smart Surveillance and Casino markets and enabling our product team to create robust, scalable products.
- **Expanding** – establishing a foothold in all current and adjacent market verticals, including:
    - Growing the use of SenSen's Smart Surveillance analytics software from 10,000+ cameras to 100,000+ cameras in 2-3 years
    - Growing SenSen's Casino Gaming solutions to 30+ Casinos in 2-3 years
    - Grow SenSen's Fuel Theft solutions offering from 250+ to 1000+ in 2-3 years. Our long-term focus is to implement this solution in the broader retail market and grow to 1000+ stores in 2-3 years
    - Growing SenSen's Smart Cities Solutions, including road safety, traffic analytics, kerbside and parking management solutions, from 35+ Cities to 100+ Cities in 2-3 years.
- **Opening** - unlock future revenue in our patented platform by building the application developer ecosystem to increase our customer base and associated revenues via third-party developers.

As we look to the future with a mid to long-term lens, SenSen's growth ambitions lie in the reputation we have built for developing disruptive new innovations to transform industries. The creativity of our R&D engineers is the foundation of SenSen's vision, which is a lifelong commitment to solve real problems with better-built solutions benefitting from data fusion insights.

Today our emerging technology team is working in partnership with a variety of business partners across a variety of sectors in the economy. These industries range from sports analytics and autonomous vehicles to the application of robotics in the aged care sector. Our partners and customers see the value of adopting our world-leading sensor AI technology to solve their problems and create efficiencies in the delivery of products and services to the markets in which they serve.

Letter from the Chair & CEO

I sincerely thank SenSen's team of engineering professionals and industry experts in Data Fusion, AI, Machine Learning, Deep Learning and Computer Vision. Thanks to their passion and rigor to positively transform people's lives with Sensor AI, SenSen is on a steep trajectory for growth as we move forward breaking new ground and creating new markets for Sensor AI technology.

I would like to thank SenSen's shareholders who continue to support and believe in our Company. I also thank my fellow Board members for their contributions during the year, and our staff and management for the efforts they delivered in this, our record-achieving financial year of 2021.

As CEO and Chair of SenSen, I am filled with great pride to report on the key foundational growth and strategic milestones made over the last 12 months. This global activity and execution of SenSen's business plan sees us entering a new phase in the Company's history as we prepare for exceptional growth.

I look forward to leading our company and sharing further progress with shareholders as we move forward in delivering on our strategy and plans to build an outstanding global business as we look to the long-term goal of listing on the NASDAQ.

Sincerely,

Dr Subhash Challa
Executive Chairman and CEO

"We have committed to continued investment in SenSen's technology capability to deliver on our future roadmap… We are on track with our plans to scale rapidly across all business verticals and are looking to build growth momentum"

Corporate Values

Corporate Values

Integrity – Always doing the right thing, and bring this value into all customer and employee relationships

Ingenuity – Solve problems considered impossible by our customers through innovation.

Excellence – Deliver solutions and service that exceed our customer expectations**.**

Corporate Identity

We are world leaders in Sensor AI.

We want to achieve this by solving customer problems that were once considered impossible and thus positively transform people's lives in innovative ways.

Corporate Behavior

We are relentless in our pursuit of excellence and turning what seem like impossible problems into working solutions.

We do this by listening to the issues faced by customers, working intensely with them to resolve their pain points, and building inventions that work based on our deep understanding of AI, Machine Learning, Deep Learning and Data Fusion.

Corporate Design

In an increasingly urban world, it's easy to lose sight that cities are meant to serve citizens and make their lives easier.

By teaming with Dutch illustrator Timo Kuilder – whose deceptively playful work is known to business audiences via NY Times, The Economist and Bloomberg – SenSen is part of the growing movement to bring joy and comfort back to people's lives.

We disguise the complexity of our technology prowess through human-friendly design and stylish product delivery.

Corporate Culture

Our culture of constant reinvention is made possible by the ability and eagerness of our people to pivot and progress while strengthening relationships and commercial outputs.

The conventional does not serve us, neither our customers nor staff.

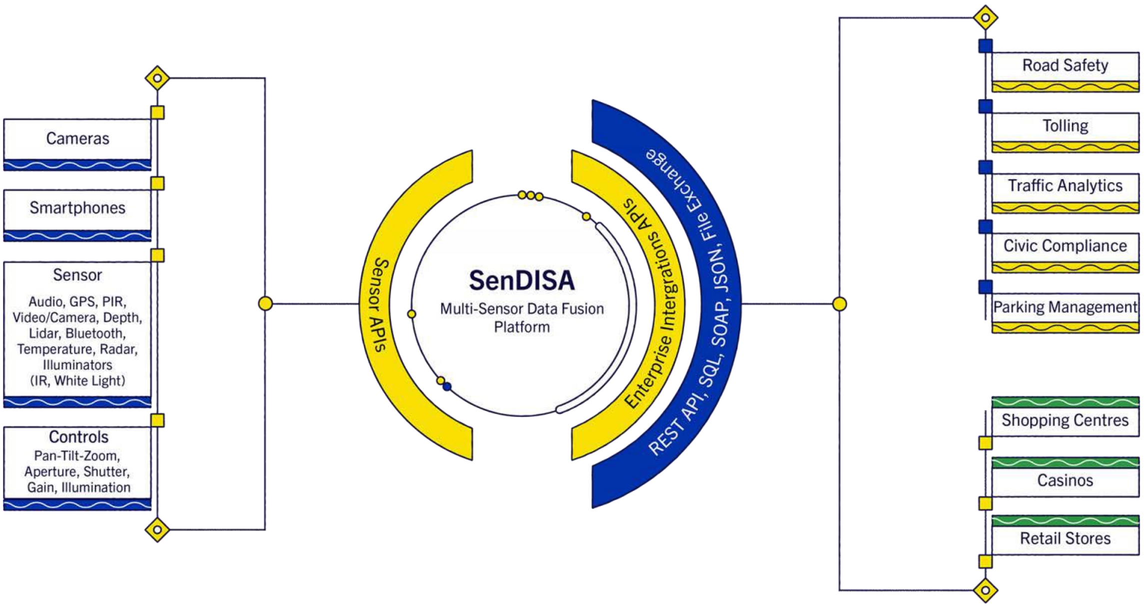
Unafraid of taking risks and learning from mistakes, we are 'ingenious by design' – a state of constant evolution as demonstrated by our many world-firsts.

We are anti-fragile, our every setback made us come back stronger.

Sensor AI and Our Platform

We have been developing SenDISA for well over a decade with multiple patents protecting the intellectual property associated with it, and the technology acquired from Snap Surveillance has similar provenance, maturity and IP protection. Our platform gathers data from multiple live and recorded camera feeds as well as data from all popular sensors in real time – including GPS, BlueTooth, Radar, audio, Lidar, PIR motion sensors and other IoT devices – then analyses the data to find patterns and trends hidden within it.

Three critical components work together – data fusion, AI algorithms, software – to produce results that improve the productivity and safety of our customers' operations and deliver business insights that are otherwise impossible to obtain from traditional data sources.



Product Suite

Problems We Solve

SenDISA is our powerful technology platform with AI capabilities for:

Smart Cities – 30+ cities globally are powered by SenSen's smart analytics making people's lives easier with safer roads, more efficient parking, less congestion and protection of kerbside management.

Casinos – Real-time data insights to help owners and managers meet compliance obligations for harm minimisation, AML and KYC.

Retail – fuel theft reduction at 250 petrol stations with organic growth opportunities into the broader Retail market.

Smart Surveillance – major security installations tracking suspicious behavior and pursuit pathways on 10,000+ cameras in this sector.

Sensor AI and Our Platform

Over the course of this financial year, we have integrated acquired technologies into SenDISA so that new products can be created to solve problems in each of our business verticals. We now stand enthusiastically as world leaders in Sensor AI solving complex problems with people, places and data that were once thought technically impossible.

We have defined and placed Sensor AI – a branch of AI that fuses data collected from multiple devices to extract richer insights than any single sensor device can provide on its own – at the core of our offering to the world. At SenSen, we believe smart analytics and reliable data are critical to building transformational solutions.Sensor AI enables insights to be extracted from multiple sources of data, bringing additional layers of context to inform our built solutions. Sensor AI has the power to improve the everyday lives of connected communities; to make people feel safer; to make cities more efficient; and to make companies more productive.

Scanning across the industry and markets, we see applications for Sensor AI in multiple new use cases,which we will explore in coming years. Our leadership position is founded upon a team of engineering professionals and industry experts in Data Fusion, AI, Machine Learning, Deep Learning and Computer Vision.

The team is driven by a lifelong commitment to solve real problems with better-built solutions that benefit from Data Fusion insights.

Outside of SenSen, we are emboldened by what other people are doing with Sensor AI. Two popular examples are:

Autonomous vehicles – self-driving cars have multiple cameras and sensors to help them navigate city streets and highways, avoiding obstacles and reaching their destination safely. After years of R&D and millions of miles of testing, they are poised to become mainstream.

Mars Rover – no single sensor can provide all the data about the Martian landscape for a vehicle to do its job, but each sensor contributes building blocks of information that can be stacked together to build understanding. Some technologies of the Mars Rover are specific for space, such as jet propulsion and entry descent and landing, but most are familiar to anyone who's worked in transportation or engineering: Radars and Lidars calculate distance, cameras watch out for obstacles, and motion detectors are alert for disturbances.

These two examples deal with highly complex operating environments. But Sensor AI is not science fiction, it's happening within our lifetime. And it is about to revolutionise urban living and many sectors of the modern world where people, objects and places need to operate both harmoniously and synergistically.

Some of SenSen's solutions using Sensor AI include:

- Road safety – we protect school zones, catch speeding motorists, and monitor dangerous road behavior
- Parking – we enable congestion free parking experience
- Retail – we theft and optimise instore operations
- Casinos – we help with harm minimisation, Anti-Money Laundering and Know Your Customer

The world of Sensor AI applications is a fast-growing market. According to Market Study Report, the worldwide video analytics market was valued at US$4.23 billion in 2020 and is projected to register a year-over-year growth rate of 16.05% compound annual growth rate during 2021 through 2028, amassing a US$11.12 billion by the end of the forecast period.

Our investment thesis is to grow a global business based on the foundations of Sensor AI technology – to develop products that extract and collect images and data from multiple devices (including video, audio, temperature and more) across multiple mobile cloud-based networks to extract richer insights than any single sensor device can provide alone.

Sensor AI and Our Platform

People often ask, “What is being done to prevent Sensor AI from being misused or used maliciously?” At SenSen, we’ve built our platform to meet the highest global standards of data privacy including General Data Protection Regulation (GDPR). Recognising the sensitivity and confidentiality of data, we have pioneered new data privacy measures such as facial masking and critical-access data controls.

Similarly, to ensure we gain and retain our customers’ trust in using our Sensor AI systems, we have a heavy focus on accuracy, dependability, explainability and monitoring, qualities built in from the start of development.

At SenSen, we optimise the mix between existing customers and emerging R&D technology in the lab. We look through a commercial lens. While our focus is on building out our ARR and sales networks, in parallel we continue to build our patent vault and work on new inventions in our Emerging Solutions laboratory with industry partners in sports analytics, aged care, logistics and homeland security.

Sensor AI and Our Platform

Patent Portfolio

We haven't stopped innovating throughout the pandemic and our IP Vault now has more than 60 entries.

Each of our patent families is a set of related patents registered in the most important jurisdictions where we believe an invention built around a patent family will be commercialised.

The patent families form an IP Vault providing SenSen with a competitive advantage and leverage when penetrating new markets with innovative products, or in entering into licensing and cross-licensing negotiations with commercial partners.

Snapshot of SenSen IP Vault, including recent growth:

Six patents families granted in Smart Cities, Retail, Smart Surveillance and Gaming, including in key jurisdictions such as USA, Japan, Canada, Israel, Singapore, Macau, Australia. An additional four patent families have patents filed and pending,. Additional patents being drafted.

In each case, SenSen's work has been recognised as unique and inventive by a sovereign authority in the relevant jurisdiction – an intellectual property (IP) right belonging to SenSen. SenSen will continue to pursue patent protection in key markets as we undertake significant R&Dactivities. We are assisted in protecting our Patent Portfolio by leading Australia IP firm, FB Rice.

"We haven't stopped innovating throughout the pandemic and our IP Vault now has more than 60 entries."

Business Update: Record Revenues Since Listing on the ASX

The financial year of 2021 was a record-breaking year based on our focus to acquire customers through acquisition, organic growth and focus on emerging technologies. This continued and sustained growth saw the company deliver on our strategy to expand commercialisation of our business verticals – Smart Cities, Retail, Casinos and Surveillance – and provide the operational support to grow.

Our major achievements include record cash receipts from customers since listing, the acquisition of the fuel theft retail monitoring business Scancam Industries, and our expansion into the US through opening of our Las Vegas headquarters.

We also presented an updated ARR guidance to the market for FY22 which we look forward to doing throughout the course of the new financial year as we expand our footprint across the globe.

A summary of our outstanding foundational results that will lead to exponential growth in the coming years:

- Record revenues since inception
    - $5.5M for the Financial Year 2021
- Established strong foundations for doubling revenues in FY22
    - $11.0M+ for FY22 (unaudited)
    - Includes an estimated $3M Scancam revenues (unaudited)
- Established strong YoY ARR (unaudited) growth profile
    - $2.7M representing 33% YoY ARR growth for FY21
    - ~$6.5M representing 140%+ YoY ARR growth for FY22
        - Includes an estimated $1M ARR from Scancam
    - Forward NRR or Net Retention of 120%+ in FY22
    - Zero Churn
- Record number of patents: 4 submitted, 4 awarded.

Our revenue sources were derived from the following sub-categories across all business verticals:

Software Licensing – SaaS Annual Recurring Revenue

- Edge analytics software
- Back-office software

Hardware

- Pre-packaged hardware Solutions

Professional Services – Upfront & Ongoing

- Technology trials
- Solution design services
- Software installation & configuration
- Software customisation services
- UAT support

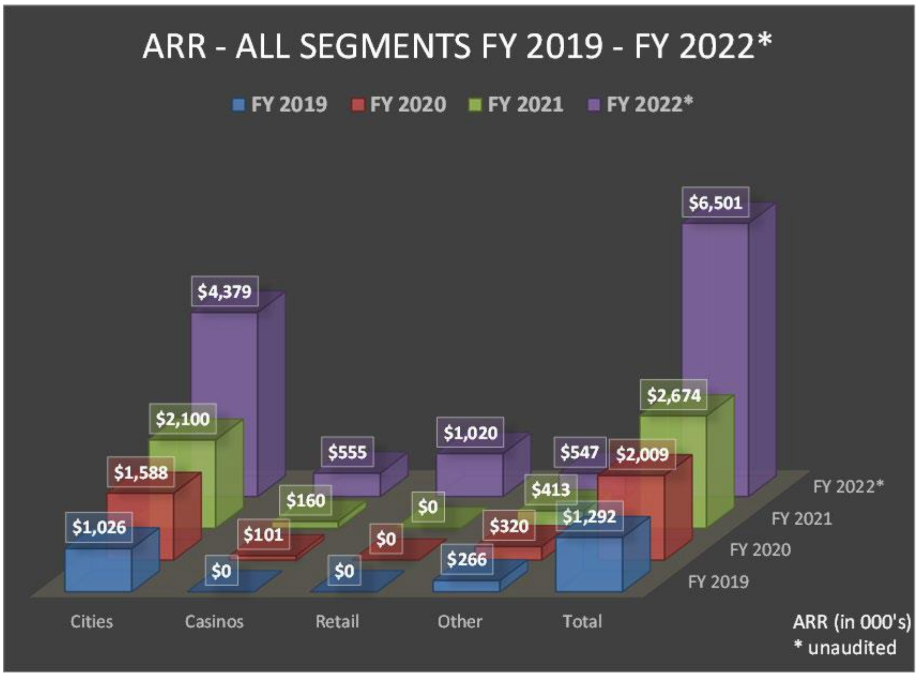
Business Update: Record Revenues Since Listing on the ASX

Financial Summary

ARR Growth Profile by Business Vertical FY 19 – FY 22

In FY2018, the year SenSen listed on the ASX, our ARR component was around 10% of total revenues. We are delighted to report that ARR is approximately 50% of total revenue in FY21. We expect ARR to grow exponentially by 140%+ in FY22 (with $1M of ARR in FY22 generated by Scancam).

The image below summarises the trends in relation to ARR over a 4-year period – three years historic and one for future outlook.



Corporate activity

Growth in 2021 was built upon four significant corporate activities that took place during the course of the year. None of these activities would be possible without the support of our investors. Again, SenSen welcomes all new and existing shareholders to our company and we look forward to sharing further success in the very near term.

- September 2020 – New market listing: SenSen wins approval to list on the OTCQB venture market in the US. The company's shares trade using ticker symbol SSNSF.
- December 2020 – Acquisition: SenSen acquires the Snap Network Surveillance business, a world leader in AI-powered multi-camera tracking software. The acquisition includes all intellectual property including patents, trademarks and know-how for A$1M.
- January 2021 – Capital raise: SenSen successfully raises $7.15M to fund our international revenue growth acceleration strategy.
- May 2021 – Acquisition (concluded in Q1 FY22): SenSen enters into an agreement to acquire Scancam Industries Pty Ltd. The acquisition enables SenSen to launch our solutions into the retail business vertical, starting with Scancam's Australian client portfolio of national fuel retailers like BP, Ampol (Caltex) and Chevron (Puma). SenSen also integrates Scancam's IP into our Sensor AI platform SenDISA to reduce the cost of adoption of the solution to accelerate growth.

Business Update: Record Revenues Since Listing on the ASX

US Market Penetration

On 14 September 2020, SenSen achieved an important milestone of listing on the OTCQB (SNNSF) venture market to enable US investors to easily participate in our growth story. This timing coincided with strong contract wins with the City of Las Vegas and emerging opportunities with City of Chicago and others in the US. As clearly stated in our strategy, this is the first of many steps we are taking on our journey to deliver our ultimate objective: to list on the NASDAQ.

Snap Surveillance Acquisition

The acquisition of the Snap Network Surveillance business, a private company headquartered in South Australia emanating from the internationally recognised Australian Institute of Machine Learning, brought new customers, technology and patents into SenSen's portfolio. These include contracts at airports, high-security prisons, shopping centres, universities and casinos.

Snap was identified as a leading provider of AI-enabled, multi-camera network relationships discovery and visualisation software that allows surveillance camera operators to efficiently track persons of interest over large-scale video surveillance environments. Integrating this technology into the SenDISA platform provided added features to large-scale video surveillance markets creating the world's first completely automated person-tracking solution across an entire surveillance network.

As part of the transaction, Snap's highly-skilled AI software engineers joined SenSen's world-leading technical team, including Dr Henry Detmold, an acknowledged leader in large-scale network video surveillance solutions.

Capital Raise to Fund International Revenue Growth

In January 2021, SenSen successfully raised $7.15M through the issue of 57,200,000 shares at $0.125 per share via a placement to institutional and sophisticated investors. Funds were used to accelerate growth plans in North America and establish new headquarters to deliver capabilities to our growing number of US based partners. As part of the capital raising, SenSen welcomed high-conviction global equities fund manager VGI Partnersas a new Substantial Shareholder.

The successful capital raise led to the establishment of US headquarters in Las Vegas, Nevada, to help with expansion plans in North America. This includes the recruitment of a number of senior executives to accelerate sales and marketing in the region.

The placement was not underwritten.

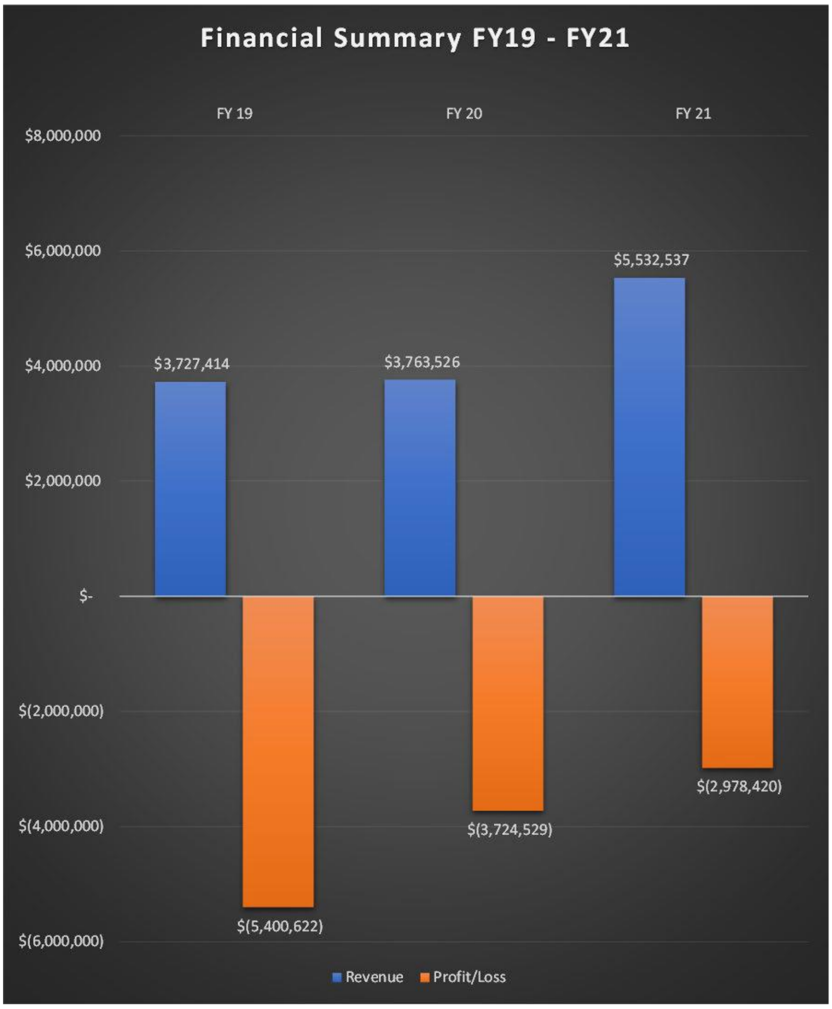
Scancam Acquisition – Fast Tracking Entry into the Retail Market

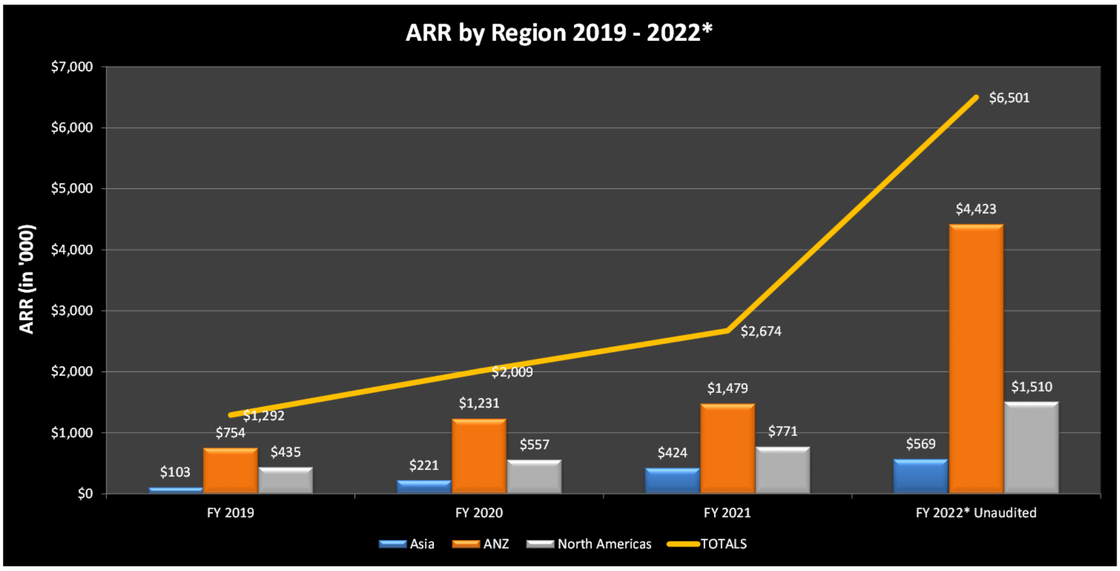
Establishing a strong foothold in the retail market was SenSen's next approach to securing future revenue growth and success. The strategic acquisition of fuel theft retail expert Scancam – led by highly driven energetic co-founders Anthony Schmidt and Eoin Byrne – fast tracks our entry in the retail market here in Australia with a view of securing global customers.

Scancam's award-winning AI technology prevents drive-offs at service stations, addressing a significant problem for fuel retailers in Australia. By augmenting Scancam's technology into SenDISA and SenTRACK, SenSen can offer the world's first combined AI, Data Fusion and SaaS solution to prevent theft in retail environments.

SenSen has welcomed Scancam's leadership team and staff into our organisation and again, we would like to thank investors for their support and welcome you all as we relentlessly pursue our next phase of growth.

Business Update: Record Revenues Since Listing on the ASX





Global Reach

Global Growth

2021: 199 People

2020: 106 People

Australia

2021: 42 People

2020: 23 People

North America (Canada & USA)

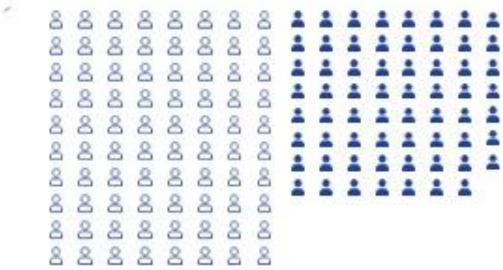
2021: 10 People

2020: 2 People

Asia (India, Singapore & Philippines)

2021: 147 People

2020: 81 People



Smart Cities Update

It's been another powerful year for our Smart Cities business vertical with new customer wins coming on top of increased purchases by our existing base. Growth is internationally dispersed with strong performance in North America, Australia and Singapore being the highlights.

Given the company's goal is to achieve a NASDAQ listing, building a Smart Cities presence in North America is key to raising awareness. We have been fortunate to win the support of landmark customers in both Canada and USA, such that we've opened a headquarters for North America.

Our office is located in the dynamic city of Las Vegas, Nevada. We could not have asked for better partners to make this a reality with our arrival supported by the local business bureaux of both City of Las Vegas and the Government of Nevada.

Not only do we have a physical location to demonstrate our product suite to potential customers in person, we've hired experienced Smart Cities professional Jim Leida to head up North American sales.

Jim, a driven sales executive with extensive relationship-based sales experience, is known for his winning personality and far-reaching connections across the industry. Before joining SenSen, Jim successfully built and managed a sales force for start-up NuPark, which was instrumental in introducing and delivering license plate recognition technology to Smart City operations across North America. This success led to that company being acquired for an 8-figure sum in 2018.

Together with the SenSen team – we now have 10 people across North America – Jim has hit the ground running with deployments and delivery tests in Las Vegas where our company is active in parking management and enforcement throughout the city. Las Vegas is a flagship customer for GeminEye, choosing this disruptive solution of an AI-enabled smartphone to replace expensive hardware installations.This low-cost but highly accurate product is now the go-to technology for 20+ officers in Las Vegas patrolling city streets in multiple modes including:

- on city-owned vehicles where we provide Mobile License Plate Recognition systems
- as hand-held scanners scanning and alerting for illegally parked vehicles
- installed in five city-owned and operated parking garages where we watch out for vehicles of interest.

Not only has Las Vegas become a major reference customer in the USA for SenSen, our GeminEye-enabled solution now generates in excess of $330K per annum in revenue in this city alone.

This early-mover success has already led to expressions of interest from more than a dozen new Smart City prospects across North America in Q1 of this year, and is part of the reason we have been able to establish significant partnerships with leading Smart City solution providers in the USA including Passport, AIMS, Conduent, Cox Communications and others to accelerate sales momentum in the region.

Smart Cities Update

It’s not just Las Vegas where we’re making a mark. Chicago Parking Meters LLC has ordered two additional systems with a focus on our new ground-breaking and patent-pending invention: Environmental Mapping Technology (EMT – more on this below). We delivered this systemin June 2021 and look forward to sharing the results in the future.

Supported by a stable flagship customer base that includes customers in Calgary and Edmonton, Canada, SenSen’s revenue base in North America now completely funds operations in the region. With the new headquarters and senior people in place, SenSen is well-positioned for continued growth.

Asia-Pacific

Australia remains our traditional base for Smart Cities and once again, our financial performance is built upon new wins and increased support from satisfied customers. We added a new office in Queensland – at innovation precinct Lumina on the Gold Coast – and hired experienced Smart City pioneer Nathan Rogers who came to SenSen after previous roles at Parsons Brinckerhoff, Patrick Stevedores and local government.

New customers welcomed in 2021 include:

- Port Stephens Council (NSW) – through our partner Duncan Solutions
- National Capital Authority (ACT) – through our partner Duncan Solutions
- Hills Shire Council (NSW) – acquired in collaboration with our partner SCS
- Care Park Pty Ltd
- Nelson City Council (NZ) – through our partner ITS Global Parking Solutions
- Lumley Centre (NZ) – through our partner Imperium IQ

A number of customers extended their commitment or increased orders:

- City of Gold Coast, Queensland
- City of Brisbane, Queensland
- Ipswich City Council, Queensland
- National Parks of NSW, New South Wales
- Transport for NSW (TfNSW), New South Wales
- Singapore Land Transport Authority, Singapore

We have solved a particularly challenging problem for innovative customer Brisbane City Council which has become the first Smart City to place an order for our new patent- pending invention: Environmental Mapping Technology (EMT).

EMT has the potential to revolutionise the way cities around the world manage parking fines and monetise kerbside access because it solves the problem of urban canyoning – the phenomenon which causes GPS to fail in built-up areas.

Invented by SenSen during COVID-19, EMT enables a vehicle to know its location based on its surroundings instead of relying on a GPS signal. By combining EMT with SenSen’s street zone mapping technology, a council officer can patrol the entire CBD and automatically spot infringements in restricted zones – bus, loading, taxi, clearway and other parking zones. This removes the need for parking officers to patrol the city on foot and allows them to issue tickets from the back office which are mailed directly to the owner of an infringing vehicle.

Smart Cities Update

- Local governments can manage the use of city kerbsides by taxis, ride shares, tradespeople and delivery trucks
- Vehicle-based enforcement shields council staff from attack and abuse by members of the public
- Staff are protected from adverse environmental conditions such as UV radiation, poor air quality and vehicular hazards.

Apart from Brisbane, the EMT solution has been trialled successfully by Chicago Parking Meters LLC in the USA.

With its new orders Brisbane now has seven vehicle-mounted systems, the largest SenSen deployment in Australia. We are confident that more systems will be ordered in the near future.

In addition, as our systems generate additional infringement tickets due to this expanded fleet and usage, we are confident this will generate additional ongoing software license fees and revenues.

Elsewhere, we have successfully completed trials of GeminEye for automated enforcement using fixed cameras for Secure Parking NZ Limited in Auckland, New Zealand. Further systems have been ordered by Secure Parking for installation and testing in Brisbane.

We have successfully completed trials of GeminEye for automated enforcement by car park operator CarePark. We have also delivered on two production systems for CarePark – one of them to support their operations in Wellington, NZ and another to support their operations in Canberra.
We are working closely with UbiPark, EasyPark, CelloPark, Duncan Solutions, ITS Global and others within the pay-by-phone and pay-by-plate solutions space in several joint opportunities.

SenSen is participating in several paid POCs and trials with customers including:

- Distracted driver detection and enforcement
- School zone safety monitoring and enforcement
- Local government solutions

Elsewhere in Asia-Pacific, we successfully completed Bus Lane Enforcement trials in Singapore in collaboration with STE for the Land Traffic Authority with production orders expected soon, and began trials with Singapore Police.

"Supported by a stable flagship customer base that includes customers in Calgary and Edmonton, Canada, SenSen's revenue base in North America now completely funds operations in the region.

With the new headquarters and senior people in place, SenSen is well-positioned for continued growth."

Retail Update

SenSen's push into Retail is spearheaded by our acquisition of Scancam Industries Pty Ltd. By adding Scancam's technology and team into SenSen, we have unlocked future organic and targeted growth in the Australian fuel retailer market where Scancam can grow from its existing base of 250 customers to 1,000 in the next three years.

Looking further ahead, there are a total of 6,500 service stations in Australia which can benefit from our combined offering.

It's not just fuel theft we're targeting. Our dedicated sales team is already looking to secure clients from the broader retail market in Australia and overseas.

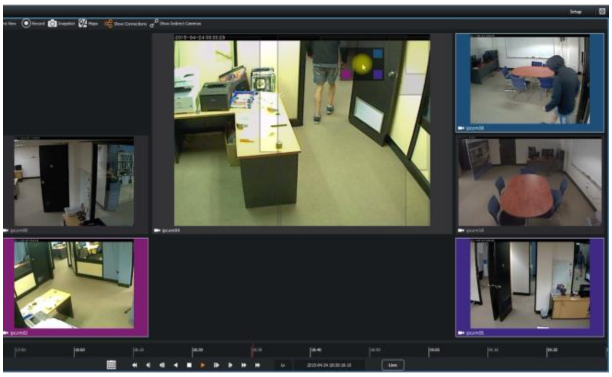
Our combined product suite brings together latest advances in Computer Vision, AI, Cloud Computing and the Internet of Things (IoT) to solve serious security problem faced by all retailers, not just fuel stations.

We're starting with Scancam's blue-chip fuel retail clients including BP, Ampol (Caltex), Chevron, Euro Garages (formerly Woolworths Caltex) as well as the Western Australia Police Force. These long-standing clients are located mainly in Western Australia and Queensland, with a growing presence in NSW, Victoria and the Northern Territory.

They will continue to receive the same unparalleled service they've grown to expect from Scancam but will now have direct access to all SenSen products presenting new opportunities for existing clients to further reduce losses and enhance operational efficiencies.

Fuel theft costs petrol station operators more than $60 million per year across Australia alone and retail crime is a billion-dollar problem – both of them are worth taking on for SenSen.

Smart Surveillance Update



Our expansion strategy in Smart Surveillance is built around SenTRACK which automatically detects and tracks people throughout a large-scale video surveillance network. This product has evolved from Force Multiplier, the lead product of acquiree Snap Surveillance.

For many years Force Multiplier has been integrated with the world's leading video management software systems including Milestone, Avigilon, Honeywell and Genetec, and has been installed at sites in the US, Australia, Asia, Middle East and Europe. Like other products in the Snap family, Force Multiplier is highly relevant to all SenSen's prospective customers and market segments where there is a need to track persons of interest over large-scale camera networks inreal time or forensically.

SenSen has been independently providing solutions into this market segment for many years, and upselling the additional Snap functionality will be appreciated by SenSen's existing customer base.

Moving forward, SenTRACK combines the best attributes of IP from both SenSen and Snap. By fusing Snap's AI-powered multi-camera networked tracking technology with SenSen's automated multi-object tracking technology within individual camera views, we've broken new ground with a product capable of automatically detecting and tracking people throughout a large-scale video surveillance network.

SenTRACK has already attracted the attention of global partners including Milestone Systems (owned byCanon) and Intel. Together with Milestone and Intel, we've launched a joint marketing campaign for SenTRACK and hired a dedicated resource to support the growing sales, support and pre-sales pipeline.

Our Smart Surveillance technology is currently used to provide safety and security at:

- University of Tennessee, where we support multi-camera people tracking across 3700+ cameras
- Utah State University, where we support multi-camera people tracking across 500+ cameras
- Snapchat corporate facilities, where we support multi-camera people tracking across 1100+ cameras
- Rockingham County Schools (North Carolina), where we support multi-camera people tracking across 70 cameras with potential to extend to 3000 cameras in the near future
- Riverside University Health System (Riverside, California), where we support multi-camera people tracking across 95 cameras with potential to extend to 2300 cameras
- Merit Medical, 400+ cameras
- St Josephs College (Brooklyn, New York), where we support multi-camera people tracking across 70 cameras with potential to extend to 1500 cameras.

As an example of cross-selling potential within the SenSen group, SenTRACK has been shown to Casino customers who have been impressed by the results with over 30 expressions of interest in moving to a POC in the near term. In Singapore, SenTRACK has been shown to several high-profile government agencies and also to Singapore Police.

All staff and technology from Snap Surveillance are now fully integrated into the workforce and Sensor AI platform of SenSen.

Casinos Update

In the Casinos market, contracts with Crown Resorts (Melbourne, Australia) and Solaire (Philippines) see us enter the new year in a strong position for future growth. As customers came to us with new problems in the past year due to the pandemic and increased regulatory scrutiny, we developed new products for them in:

- Table yield management
- Solutions to meet compliance obligations
- Responsible gaming & harm minimisation
- Anti-Money Laundering
- Know Your Customer

These products are ready to be deployed as the industry emerges from 18 months of lockdown.

COVID-19 forced the entire leisure and entertainment sector to tackle social distancing, crowd limits, queue management and mandatory wearing of masks. All of these will become more prominent themes as borders re-open and more variants of the coronavirus emerge.

At SenSen, we are well equipped to help in all areas thanks to casino-facing products built upon our tech platform, SenDISA. By combining computer vision with other sensors, we can tell how many people are in a venue at any time, how crowded each room is, and whether patrons are wearing masks.

All this is done without breaching personal privacy laws or impeding the speed and enjoyment of play for casino patrons. Importantly, it protects the safety and security within physical premises. (Despite the success of online gambling, 74.6% of all casino revenue still comes from old-fashioned bricks and mortar.)

Our software uses a combination of Artificial Intelligence, Machine Learning and Deep Learning, and includes techniques such as image capture (knowing the difference between say, a playing card and a gaming chip on a baccarat table) and object tracking (keeping track of the movement of cards, chips and people in a crowded public place).

Responsible Gaming & Harm Minimisation

An increasing number of regulatory jurisdictions now insist that venues monitor the gambling behaviour of patrons, which means knowing the number of hours they spend at the tables and slots.

In Australia lobby groups are agitating for behaviour to be monitored and controlled, and for excluded players to be denied entry to premises. This requires technology – cameras and software working together, gathering and cross-referencing data from various databases – to make it happen. This is precisely SenSen's technology sweet spot.

Anti-Money Laundering

The worldwide crackdown on AML is gathering pace. In Macau, where concessions are up for review, casinos need to show they are making strides in this area. In Australia, having stringent AML procedures in place is a precondition for licences to be held. As above, the solution requires multiple sensors and devices working together to be effective.

Know Your Customer

The trend towards cashless venues means it's theoretically easier for casino operators to know who their customers are, their level of play, and their wins & losses. But for loyalty cards and incentive programs to operate with optimal efficiency, data needs to be collected from multiple sources for a whole-of-customer view.

Again, it takes an ability to gather data from multiple sensors and sources, and interrogate it to find the hidden insights. No single source of data is sufficiently rich on its own but must be analyzed within the proper context.

Casinos Update

Industry Comes Roaring Back

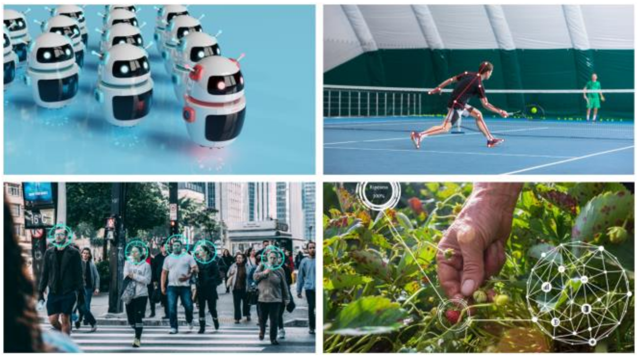
To showcase SenSen's prowess in this sector, we attended NIGA 2021 – a gaming industry expo for 7,000 delegates in in Las Vegas, Nevada, USA. This was a landmark event as it was the first in-person trade show since the pandemic began. While traditionally focused on tribal casinos, this year saw visitation from all over the USA as the sector came roaring back after lockdown.

The feedback was conclusive: a) casino operators are focused on business efficiency improvements; and b) they see technology as the way to achieve the results they desire.

We came away with more than 30 leads and enquiries for SenGAME, SenEYE-D and SenTRACK.

"An increasing number of regulatory jurisdictions now insist that venues monitor the gambling behaviour of patrons… This requires technology – cameras and software working together, gathering and cross-referencing data from various databases – to make it happen. This is precisely SenSen's technology sweet spot."

R&D and Emerging Solutions Update



As a globally ambitious technology company, we always look to balance revenue generation with an R&D lab which is continually inventing. Some of these inventions improve and enhance our existing product suite, while others will allow us to enter new vertical markets in the near future.

Our Emerging Solutions unit is developing next-generation products in response to customer requests, among them elite sports science, autonomous vehicles, aged care and robotics. We look forward to sharing more about these in coming reports.

When the pandemic closed borders for the past 18 months, as a company we invested significantly into R&D.

Breakthroughs throughout the year include:

1. Environmental Mapping Technology – our EMT invention that determines the location of an object with military-grade accuracy even when there is no GPS signal available
2. Next-generation SenForce vehicle-mounted pods
3. Rapid deployment kits and software for GeminEye
4. Development of SenVIZ – our Vision Zero solution using cameras and software to help save lives on roads and highways
5. New methods to reduce false alarms, detect and respond to sensor configuration changes, and improve productivity across all lines of solutions
6. New methods for high-speed camera sensing, with applications across vehicle analytics, sports science, casinos and other product lines
7. New configurations of our SenDISA platform to monitor bus lanes and personal mobility vehicles such as e-scooters
8. New patents to cover inventions in Smart Cities, kerbside sensing and casinos
9. New features to address anti-money laundering within the Casino market
10. New COVID-related technology to monitor social distancing, people counting, compliance verification of occupancy in buildings, and parking traffic management.

We launched a collaboration effort with leading drone company AVCRM (avcrm.net), a Sydney-based firm working with city councils, state and local governments, and fire and emergency services. By adding our AI capabilities to the live data collected by drones, we believe a number of applications are within reach.

We established a partnership with Unisys Australia on a number of joint opportunities within the Intelligent Transportation sector.

Australian Research Council Recognition

SenSen and the University of Melbourne have successfully attracted a prestigious research grant from the Australian Research Council (ARC) to develop more accurate and efficient methods to digitise Smart City assets. ARC is providing A$370K and SenSen is providing ~A$240K to support the three-year collaborative project with both organisations committing additional in-kind resources. This research will help SenSen develop products and solutions using AI for traffic engineering departments within city councils.

We have a clear vision of what we want to achieve for the future of SenSen and we look forward to executing on our plans in the new financial year of 2022 and beyond.

Powering the Smart City of the Future

Q&A with Nathan Rogers, Director of Smart City Solutions (Asia Pacific)

Nathan Rogers is an early Smart City innovator, having led urban solutions for public and private organisations for almost a decade prior to joining SenSen in March 2021. He oversees the implementation and ongoing service of solutions for organisations like Singapore LTA, New South Wales Roads & Maritime Services, Westgate Bridge, VicRoads, City of Brisbane and more.

Nathan Rogers, Director of Smart City Solutions (Asia Pacific)

1. ***What are some ways that SenSen's technology is being used in today's Smart Cities?***

There are two key ways our technology is important to cities if they want to be truly smart, enabling them to transition to a digital on-demand operating model without leaving their citizens behind.

Firstly, through end-to-end solutions such as our SenFORCE parking compliance solution which provides detection, identification, review and infringement solutions for cities and parking operators. Our customers get all the benefits of an end-to-end business process, improving their efficiency and allowing them to do "more with less", which is an increasing focus for city managers and private enterprises alike.

Secondly, our Sensor AI solutions serve as decision support tools for managing valuable public assets and keeping cities operating at maximum productivity. By fusing data from multiple sensors – some supplied by SenSen and some that are already scattered around a city – we provide data-driven insights that are impossible to obtain from one sensor on its own.

This allows forward-thinking city managers to make smarter and earlier decisions to support placemaking and other initiatives.

2. ***How is civilian data protected?***

SenSen takes multiple approaches to protect our customer's data. At the first level, we only keep data that is essential to achieve the outcome required – for as short a timeas possible – meaning we hold the smallest possible dataset for each solution.

Secondly, SenSen performs de-identification on data. In the case of images, we remove objects from the scene that are not required, such as the faces or licence plates of surrounding people and vehicles. In the case of personally identifiable information, the data is only used for a specific purpose and workflow controls make it impossible be re-used for any other purpose.

Thirdly, SenSen's solutions are only deployed on industry-standard ISO27001 environments in the jurisdiction of the customer unless otherwise requested. This provides assurance that our customer's data is subject to overarching regulation associated with their jurisdiction. As an example of the controls available in these environments, SenSen configures its hosting providers to enforce indiscriminate technical blocks on all known bad actors.

Powering the Smart City of the Future

3. ***How have some of these data-driven insights initiated change in cities?***

   SenSen's solutions provide insights that are impossible to obtain any other way. The combination of data gathered from multiple sensors, including visual evidence from cameras, is compelling and has led to:

    1. Improved safety in school zones by capturing U-turns and speeding
    2. Streamlined commute times by monitoring illegal U-turns and violation of bus lanes
    3. Improved the arrival and departure experience at airports by identifying over-stays
    4. Fairer and more efficient use of kerbside space
    5. More efficient use of car-parks

   In each case a SenSen solution has enabled an increasingly digital workforce in a Smart City to improve government service delivery and create a better citizen experience, and lifted local economic prospects which are front and centre of most cities' corporate strategies.

4. ***What are some trending issues that city councils come to SenSen with?***

   Providing equitable access to resources is an increasing challenge as cities become more congested. SenSen is working with multiple Smart Cities worldwide to provide better support for disability access, fairer and more equitable parking, and greater management of the kerbside – a public asset that has long been dominated by private vehicles and is now opening up to on-demand usage.

5. ***Where are the biggest opportunities for SenSen and Smart Cities into FY22?***

   SenSen's business processes touch citizens as well as councils and governments. We are building and seeking opportunities to provide direct AI-driven digital engagement between citizens and Smart Cities. We're not too far away from predicting when a citizen may be at risk of breaching a city by-law or ordinance and proactively notifying them, or allowing citizens to access navigation or local information by connecting them anonymously to existing city infrastructure.

   As image-based AI becomes more prevalent, customers are looking for solutions beyond cookie-cutter AI, and SenSen's unique data annotation team and multi-sensor technology allows us to answer questions such as "Tell me how many vehicles longer than 7.5m entered this industrial estate, from the eastern entrance, and which facilities they visited".

   Maintaining our position as one of the few firms that can cost effectively provide answers to questions like this relies on us being first-mover on all new technology initiatives and using our years of experience to apply them to problems we know customers face on a daily basis.

How Data Improves the Fast-Paced World of Leisure & Entertainment

Q&A with Heather Scheibenstock, Executive Director and CSO, Leisure & Gaming

Heather Scheibenstock has been leading the Casinos business for SenSen since 2020. She brings her deep knowledge of the economics, regulation and policy of legalised gambling worldwide to the table, driving product development and innovation in the gaming and casino industries.

Heather Scheibenstock, Executive Director and CSO,Leisure & Gaming

1. ***With an increased level of scrutiny on governance, safety and money laundering, how can SenSen's solutions protect casinos and their business?***

SenSen's technology is highly adaptive and responsive. It provides accurate information to meet the ever-evolving requirements of our partners who need solutions so they can operate in accordance with the governing bodies in each of their regions.

For the first time, the industry has intelligent real-time data to support insights and make decision making easier – especially when relating to critical operating functions.Casinos can completely know their products and the impact of their services.

Our data provides accurate metrics to help casino owners and managers decipher and understand behavior, and to alert for responsible gaming issues such as potential anti-money laundering activity.

2. ***COVID-19 has imposed restrictions and has limited operations of retail and gaming businesses significantly this past year. How has this impacted SenSen's ability to gain traction in this industry?***

We prepared for massive disruption due to restricted travel and movement, lockdowns and curfews across the globe. But we've never been busier. We have used this time to innovate and solve our customers' most complex problems. We did this by developing a modular product suite and devising a system of installing it remotely. The cost savings in the improvements we came up with have been passed onto customers with no need to fly in a team of engineers for on-site installation.

Of course, COVID has had an impact and there has been a ripple effect. UK casinos were closed from January through to July 2021, the Philippines saw rolling lockdowns and delays of imports, and Australia has had disruptions with the added complexity of a Royal Commission into the sector.

There are, however, signs of recovery around the globe. Excitingly, the US market is showing strong signs of not only a recovery but a surge in activity. The gaming industry is experiencing a renaissance with record numbers of attendance and revenue generated from operations.

The US remains a prime market for SenSen. We are focused on expanding into this new territory with a team of experts on the ground already hired.

How Data Improves the Fast-Paced World of Leisure & Entertainment

3. ***Can you give me an example of how a SenSen-produced insight has improved business operations of acasino or retail business?***

Sensor AI is the next evolution in data analytics for casinos. I will detail one example: side bets. SenSen's technology enables casino operators to see which side bets are wagered on and the amount being wagered for the first time.

This allows casino operators to trial new side bets, move locations of side bets and advertise side bets, and be able to see the value of the changes instantly. This is bet recognition software that works.

Our groundbreaking technology is revolutionising the industry in other ways too:

a. Reducing manual operations and human error

b. Delivering customer insights and analytics (reward recognition)

c. Realtime data tracking, bet monitoring and analysis to create alerts for the enforcement of responsible gaming and enforce anti-money laundering activity

Many casinos around the world have yet to catch up to the Internet of Things; they are mainly places that employ highly manual operating methods, both in their delivery of services and assessment of product and staffing capabilities. SenSen's casino solution provides casinos with insights and improvements to productivity by tracking number of games, value of bets and number of players to help casinos improve their yield while minimizing harm.

4. ***What is driving uptake of technology in these industries?***

SenSen is transforming the casino industry through Sensor AI. In a highly quantitative industry, we improve the analysis and implementation of systems to streamline labour practices, deliver services and importantly, bring the industry into line with the rest of the global economy with respect to cashless transactions.

Never before have casino operators had the access to such fast and accurate information. The move away from manual entries and observation is compelling and unstoppable.

5. ***How is SenSen innovating for the future in this industry?***

Our philosophy is to consider customers as partners. When we partner with owners and managers of leisure and gaming establishments, and when we look at the markets in which they operate and the unique problems they are trying to solve, this is where the excitement and agility of our service delivery comes to life.

The beauty of our Sensor AI technology and proprietary platform SenDISA is simple – it is highly adaptive. This is SenSen's point of difference.

Fuel Theft Spearheads Push into BroaderRetail Market

Q&A with Eoin Byrne, Director, Anti-Fuel Theft

Eoin Byrne joined SenSen as a result of the strategic acquisition of Scancam Industries, an Australian-based fuel theft- prevention company. His entrepreneurial drive has resulted in a decorated career as a business leader and his role at SenSen will see him guide the next evolution of award-winning fuel theft technology and IP into broader retail environments.

Eoin Byrne,
Director, Anti-Fuel Theft

1. ***How will SenSen adapt a fuel-theft solution to broader retail environments?***

Retailers in the current market have three areas of focus: increase their top-line revenue, reduce shrinkage and improve productivity using technology.

Scancam has proven itself to be a leader in the retail loss-prevention space in Australia with our current solution extracting data from a video stream and interpreting it for actionable results.

SenSen's SenDISA platform can interpret a high volume of real-time data from a range of devices and sensors. Integration into the SenDISA platform, combined with our network of existing retailers, will enable us to expand the meaningful insights we offer to our existing clients and also to grow our customer base.

Using our AI platform, retailers can better understand customer behaviour and increase top-line revenue. We believe our integrated solutions can create offers that will ultimately generate more revenue through better customer insights, increased productivity and a reduction in shrinkage.

2. ***How does this technology work with the existing SenSen platform?***

We are currently working on the first of many integrations to provide an easy-to-use platform for all retail customers. Our respective technologies have a high degree of sophistication enabling them to integrate seamlessly. Plus our deep knowledge of the fuel market – many sites are min-marts complete with convenience stores and grocery shopping – allows us to see many organic growth opportunities into the broader retailcategory.

3. ***How can this be applied to international markets?***

Global retail theft is in the order of $100 billion annually, of which $51 billion is in the US alone. Our solution is equally applicable to these global markets as it is in Australia, and is now more accessible than ever with the SenSen footprint. We believe global conditions created by COVID-19 will only accelerate the need for an end-to-end solution.

Fuel Theft Spearheads Push into BroaderRetail Market

4. ***What does this new retail solution offer that makes it better than competitor solutions?***

We don't believe there is a competitor in the market that has a complete end-to-end retail AI data solution addressing the core issues we are hearing from the sector. The core issues are to increase in revenue, reduce losses – direct and indirect, staff time, safety etc – and improve productivity.

5. ***What is the biggest opportunity for SenSen out of this acquisition?***

This strategic acquisition is foundational to SenSen's expansion into the retail industry, enhancing customer experiences through smart analytics, reliable data and data fusion-driven insights. It is founded upon a strategy of demonstrating more value to shareholders.

This strategic acquisition will enable SenSen to launch solutions into the retail business vertical starting with the current client portfolio we bring of national fuel retailers such as BP, Ampol (Caltex) and Chevron (Puma).

Fuel theft is a globally recognised problem that costs Australian operators more than $60M in losses every year. The strong organic growth opportunities to expand upon Scancam's current customer base of 250 service stations means this is an exciting period in SenSen's growth strategy. SenSen will augment Scancam's technology to provide a low-to-zero capital expense for retailers.

The future of retail is a hybrid model. While e-commerce and online shopping are growing, currently less than 15% of the entire retail sales segment is online. Technology and COVID-19 have disrupted the retail industry but these times of disruption provide opportunities through reinvention. SenSen sees petrol stations and convenience stores as the starting point to solve important retail customer problems before moving to acquire larger retail chains as customers.

"Using our AI platform, retailers can better understand customer behaviour and increase top-line revenue. We believe our integrated solutions can create offers that will ultimately generate more revenue through better customer insights, increased productivity and a reduction in shrinkage."

Case Study 1

Protecting School Campuses and Highly Sensitive Facilities

Facilities protected: Education campuses, busines parks, airports

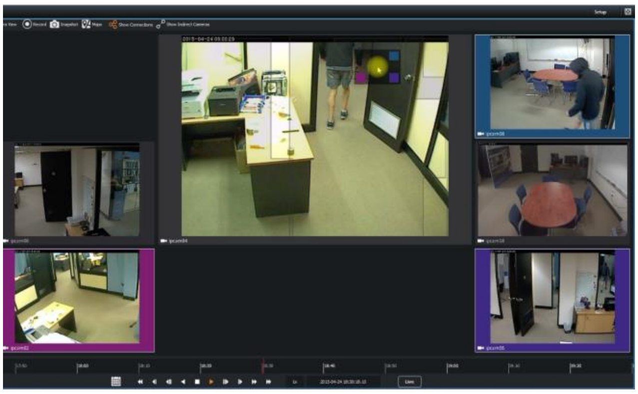
Location: USA

Key partner: Milestone Systems

SenSen's AI surveillance solution, SenTRACK, improves situational awareness and operational efficiency at sensitive facilities, including university campuses, business parks and airports.

Context

Security on student campuses is a top concern, especially in the USA. From dorm rooms and lecture halls to sports complexes and libraries,many different areas need monitoring to ensure the safety of students, staff and facilities. But campus administrators face many unique challenges when it comes to security. Prominently placed cameras can act as a deterrent and warn thieves, trespassers and vandals that they may bemonitored. But oftentimes, even after heavy investment, surveillance systems fail to ensure a safe campus environment. Campus security personnel need to know the layout of the site which can take months of training. And, despite this training, operators sometimes fail to manage critical incidents or respond promptly.



Keeping Facilities Managers in the Know

Seamlessly integrated into security management systems, SenSen's SenTRACK effectively addresses these challenges. This smart solution is designed to help campus security effectively respond to critical incidents. The power of our solution is to make it easy for operators, regardless of their skills or expertise, to track people over large-scale camera networks in live and forensic video.

Vast Improvement on Traditional Surveillance Systems

Traditional surveillance systems rely heavily on the operator's skills and expertise to respond to incidents. Unfortunately, this human factor is often the weakest link in a campus security control room. SenTRACK addresses this issue by making it easy for any system operator to confidently and effectively pursue a target between cameras throughout a large multi-camera facility.

New security staff no longer need to waste time learning the layout of the system because they don't need to know where cameras are positioned nor the layout of the site to follow the action. This intuitive analytic effectively learns how all cameras relate to each other. It then leverages the operator's peripheral view and uses subtle on-screen indicators to display the most likely next location of the object being tracked.

Case Study 1

SenTRACK can even find gaps between camera fields of view, both an audit function informing camera fleet investment and a visual cue to operators to wait for targets to appear after they transit across a gap. Additionally, with tag and track functionality, operators can "tag" an individual and the system will automatically follow the person throughout an entire campus.

Because operators no longer need local site knowledge to be effective, there's no ramp-up time needed. Security personnel can successfully perform these tasks from day one with minimum training. SenTRACK acts like an accurate pair of eyes and eliminates the impacts of human fatigue, error and lack of skills.

Ensure Employee Safety

SenTRACK can be used for virtual walkthroughs of campus facilities to verify the absence of intruders. This helps ensure the safety of security personnel by eliminating the chances of them unknowingly meeting an intruder. Security guards can scan the entire premises for threats without being physically present.

And thanks to seamless integration with security management systems, whenever a potential threat is detected, they can quickly activate various deterrents such as alarms and strobe lights. Most of the time this will scare away would-be criminals, but it also ensures campus security only notify law enforcement when necessary, saving time filing police reports.

No Need to Replace Existing Cameras

Creating a safer campus environment doesn't need to be an expensive, time-consuming task. SenTRACK captures and analyses data from existing camera feeds and sensors – passive infrared sensors (PIRs), Lidar and Radar – so there's no need to completely replace equipment. And, with real-time notifications, site managers can rest assured that their operators can efficiently respond to high-stress situations such as active shooters on site.

Additionally, SenSen offers support for hybrid solutions combining legacy cameras and smart cameras running on all major systems, so if needed customers can migrate their camera fleet at their own pace.

Forensic Evidence Capture

SenTRACK also offers improved forensic efficiency. It can track individuals backward in time to determine when and where they first appeared on campus. Operators can then create video evidence while continuously tracking other objects. They can also create campus-wide incident reports and share multi-camera evidence videos. This all radically reduces the costs and speed of reporting evidence.

Improve Overall Surveillance Capabilities

As well as detecting events and triggering alarms, the scalable solution helps site managers review their campus security strategy so they can continuously improve and immediately spot faults within the system. Thanks to built-in audit functionality, it lets them know if there are any repairs or upgrades needed.

For instance, it can determine if there are gaps in camera coverage, black spots, duplications, oreven broken cameras. So they'll know if additional cameras are needed and they'll gain valuable insights on network expansion and enhancements.

Taking Control of the Campus

Even in the most complex large-scale campus environments, SenTRACK helps facility managers confidently take control of the entire surveillance system. SenSen's AI-enabled, multi-camera tracking software also offers people counting and occupancy metrics within facilities. All this valuable information helps campus security understand the flow of movement within the facilities knowing they'll be notified of potential overcrowding to ensure safety and health on the campus.

Case Study 2

Better Parking in the World’s Smartest City

Location: Singapore

Area monitored: 721 sq/km (278 sq miles)

Population density: 7,804 persons per sq/km

Road network length: 3,440 km (2,138 miles)

Given its high rates of car ownership and urban density, parking spots are a premium resource in Singapore. It isn’t fair – or workable – for motorists to make more use of car parks than permitted. SenSen’svideo and real-time sensing solution keeps things moving for the benefit of the entire community.

Context

Singapore has almost one million vehicles – including just over 600,000 private and rental cars – on a road network that takes up 12% of its total land area. That’s a lot of cars, and a lot of parking to monitor. With high population density and car ownership, any impediment to free-flowing traffic is a continual concern. Singapore needs to ensure that cars move smoothly and safely between roads and car parks.

Motorists who overstay parking limits prevent fair and equitable use of a city’s attractions for all residents, and this can cause knock-on effects for tourism and local business. Singapore wants to monitor and control parking behaviour throughout the city.

A small change in the traffic around a popular location can snowball into gridlock if not dealt with quickly and smoothly.

Parking Access Made Fairer for All People

Parking limits have to be enforced to ensure that as many motorists as possible can use each car parking spot. And, therefore, as many people as possible can access and enjoy the attractions and businesses of thecity.

SenSen’s solution monitors parking spots throughout Singapore, identifying and locating individual cars. Automated infringement notices help to ensure that drivers don’t overstay their welcome. Real-time data collection of photographs and vehicle registration information provides evidence of infractions and ensures the correct person receives the ticket.

Case Study 2

100+ Hotspots Monitored

SenSen's custom-designed solution for Singapore monitors parking at 117 locations that are particularly prone to issues, including Changi Airport and many prime tourist attractions. The system identifies over-stayers and illegal parking, resulting in decreased gridlock at these hotspots.

Value-Adding in Singapore

When Singapore turned to SenSen, it gained access to a suite of automated tools that report on urban infrastructure conditions in real time. City managers can now make decisions based on reliable and up-to-date information. Working with partners and customers in Singapore, we've provided solutions to:

- Reduce false alarms from 700 cameras monitoring traffic conditions
- Watch out for unattended luggage and vehicle overstays at Changi Airport and Jewel Retail Complex
- Monitor the use of kerbsides at prominent locations
- Enforce legal and proper use of bus lanes

Using automated tools to enable evidence-based decision making allows effective management of urban infrastructure.

Thanks to SenSen, Singapore's roads are faster to navigate, congestion is eased, and popular locations can support a greater number of daily visitors.

"SenSen's custom-designed solution for Singapore monitors parking at 117 locations that are particularly prone to issues, including Changi Airport and many prime tourist attractions.
The system identifies over-stayers and illegal parking, resulting in decreased gridlock at these hotspots."

Case Study 3

Making School Safety the No 1 Priority

Location: Australia

Population of local council area: 250,000+

Area/Size: 1,000 sq km

Number of schools in area: 75

Number of roads: approx. 4,000

Background: To create a safe environment for children around school zones

Before: 100 visits by council officers per year spread across 75 schools within one municipality

With SenSen: number of visits increased to 1,000 with all school zones covered

The Need: Behaviour change of motorists

Before: 4,000 infringements spotted

With SenSen: 12,000 infringements spotted

Context

In recent years, a rearrangement of local government boundaries has seen major expansion of several city and rural councils in Australia. Coupled with a robust economy, looking after the safety of a rapidly increasing population is a primary concern. After undertaking a national search, a Top-Five Council turned to SenSen for help with automating and processing traffic and parking infringements that were endangering children and inhibiting business throughout its municipal network.

Prior to SenSen, Council officers could only manage 100 school visits each year. Each visit required 2-3 officers attending each site personally for 1-2 hours, actively working to record infringements.

With SenSen, the Council increased its school zone patrolling by 900%. Each school is part of geographical cluster with nearby schools, so rather than multiple officers at a single school, SenSen's solution allows a single officer to visit all sites in a cluster in an afternoon, automatically recording infringements as cars drive through the area. The officer doesn't even need to get out of the car, minimising unpleasant personal encounters with angry motorists.

Improved Safety for Parking Officers

Council managers reported that patrol officers were at risk of personal injury while doing their job. Staff often needed to get close to an offending vehicle to obtain photographic evidence of infringements, then issue a notice. This led to many unpleasant confrontations with drivers angry about receiving a ticket and becoming argumentative or even abusive. Added stress and strain was taking its toll on personnel.

SenSen has improved the safety and wellbeing of parking officers. Officers no longer need to physically approach a vehicle to check whether it's parked legally, to get evidence of an infraction, or to issue a ticket. They can stay within their vehicle and let the SenSen solution identify infractions and automatically issue electronic notices of infringement.

Case Study 3

Improved Payment Collection

Parking officers used to write out physical tickets and place these on the windscreen of offending vehicles. The Council found that over 50% of fines were not paid before the original deadline. These had to be manually processed to create and send reminder letters. If offenders still failed to pay the fine, the council delegated debt collection to the State Government.

Thanks to SenSen's Roads and Parking solution, the process is now modified and automated. Offenders receive their ticket via regular mail with all applicable information included: photograph of the infringement, date, time, and their full name and address.

The Council has found that this creates a sense of ownership and responsibility, and has improved the rate of initial fine payments.

Efficient End-to-End Automation

With handwritten, physical tickets came extra data entry. The parking officer wrote the ticket, then an administration officer entered the data into the computer system. With the extra data entry came the risk of human error – mistakes in the street address, offender's name or vehicle registration number. If the receiver of the ticket didn't pay by the final due date, an administration officer would manually search the Department of Transport database, locate the vehicle owner's details, and copy them into the computer system. This added more risk of human error, and extra administration time and effort.

By working with SenSen, the Council eliminated double-handling and significantly minimised administrative effort. The system captures all relevant information as soon as an infraction is detected, thanks to integration with the Department of Transport. The sending of infringement notices and reminders is fully automated. The system also automatically refers unpaid fines to the debt collection department after the grace period is complete.

The Council needed to monitor vehicle driving behaviour around schools and business districts. Schools in particular tend to see a lot of unpredictable actions from young children, which is why school zones with lower speed limits are enforced throughout Australia. Drivers failing to follow pick-up and drop-off rules were further endangering their own and other people's children.

The Council also needed to regulate parking around high-traffic business areas as frequent failures to comply with parking regulations cause serious loss of income for affected businesses.

With SenSen's support and ingenuity, the Council was able to decrease the number of officers attending each location by up to 66%. It was also able to increase the number of infringement notices given out by 200%.

Fewer Contentions in Court

SenSen's solution collects more data upfront, giving the Council far better substantiation of its infringement claims. Because the system is automated, it removes personalities from the equation – making it impossible for offenders to claim that fines were issued by officers out of spite or malice. Accurate data has given the system a good reputation and its processes are accepted as valid by the courts. While 4-6 cases each year still go to court, in most of these the offender pleads guilty.

SenSen is firm in its commitment towards the improved wellbeing of cities and their citizens – fewer court cases and far fewer losses are just a part of it.

2021 FINANCIAL STATEMENTS

Financial Report for the year ended 30 June 2021

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 year ended 30 June 2021.

Directors and Company Secretary

The following persons were directors of SenSen Networks Limited during the whole financial year and up tothe date of this report:

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

Mr Subhash Challa

Executive Chairman, CEO and Managing Director

Qualifications:	B. Tech (Electrical and Electronics Engineering), JNTU College of Engineering, Hyderabad, India. PhD (Aerospace and Electronic Systems, Signal Processing), Queensland University of Technology
Experience:	Subhash founded SenSen Networks in 2007 as a spin-off from the University of Technology Sydney where he was Professor of Computer Systems. Subhash isa world-leading authority in data fusion specialising in the analysis and fusion ofvideo and sensor data and is a regular speaker at international industry and academic conferences, and is a charter member of entrepreneurship organisation TIE. Born and raised in Hyderabad, India, Subhash received his PhD from Queensland University of Technology, Brisbane, Australia in 1999. Part of his PhD studies were conducted at Harvard University (1997). He started his professional career as a Research Fellow at the University of Melbourne in 1998where he led a number of defense industry projects. Subhash received the Tan-Chin Tau Fellowship in Engineering from Nanyang Technological University in Singapore (2003) where he worked with NTU researchers on traditional and underwater robotics. He holds a Bachelor's Degree in Electrical Engineering from JNTU, Kukatpally, India. Subhash was the Professor of Computer Systems Engineering at the Universityof Technology Sydney from 2004-2007 where he mentored several doctoral students to completion in the areas of Bayesian Estimation Theory, Object Tracking, Sensor Networks, Computer Vision, License Plate Recognition, FacialRecognition and Data Fusion. He has co-authored more than 150 papers and isco-author of the reference text, 'Fundamentals of Object tracking' Cambridge University Press, 2011) unifying disparate advances in estimation theory and object tracking into a recursive Bayesian framework. Subhash left his successful career in academia to join SenSen full-time as CEO in January 2012. He has led the development of the company's video-IoT platform SenDISA and pioneered applications in diverse market segments. As the CEO and CTO of the company, he led SenSen to win a number of innovationawards including iAwards Victoria for SenFORCE and SenSIGN products in 2014 and 2017 respectively; Parking Australia Innovation Award in 2015; and Security Industry Innovation Award in 2014. Subhash is a member of the Australian Institute of Company Directors (MAICD). Mr Challa has no other current or previous listed company directorships in thelast three years.
Special responsibilities:	Member of the Audit and Risk Committee
Interest in shares and options:	80,217,828 Ordinary shares and 6,340,620 options over ordinary shares

Directors' Report

Mr David Smith

Executive Director, COO and Company Secretary

Qualifications:

B Econ, The University of Sydney
Dip Mgmt – Exec MBA, Australian Graduate School of Management

Experience:

David was previously an investment banker with more than 20 years experience, working in both the capital markets and M & A globally. He was regularly ranked as one of the Top 10 Australian Investment Bankers in annual surveys, and raised more than $4 billion for corporate clients. With an extensive background in advising companies across all sectors, including technology, industrials and resources, David has been integrally involved in the evolution of numerous emerging companies into multi-billion dollar enterprises.

David is also a Non-Executive Director of RAW Capital Partners HoldingsLimited, a UK based, international asset management business.

David completed his B Econ from the University of Sydney and a Dip Mgmt - Exec MBA from Australian Graduate School of Management, Sydney.

David is a member of the Australian Institute of Company Directors (MAICD).

Mr Smith has no other current or previous listed company directorships in thelast three years.

Special responsibilities:

Chief Operating Officer & Company Secretary, Member of the Audit & Risk Committee

Interest in shares andoptions:

11,619,157 Ordinary shares and 4,323,150 options over ordinary shares

Mr Zenon Pasieczny

Non-Executive Director

Qualifications:

MBA, Maastricht School of Management, The Netherlands

Experience:

Zenon is an experienced venture capital investor screening 300+ deals annuallyand investing in only a handful. He backed SenSen for its outstanding potential as an Australian technology company with innovative and IP-driven solutions, helping it grow from an R&D focused start-up to a globally respected industry leader.

Zenon is closely involved in SenSen's strategic marketing and delivery of global communication messages to clients, partners and the media.

Zenon is a member of the Australian Institute of Company Directors (MAICD).

He is Director of venture capital firm Saphet Capital Management and Managing Director of The House Family Office providing strategic and commercial advice to a select global client list.

Mr Pasieczny has no other current or previous listed company directorships inthe last three years.

Special responsibilities:

Member of the Audit and Risk Committee

Interest in shares and options:

46,876,259 Ordinary shares and nil options over ordinary shares

Directors' Report

Ms Heather Scheibenstock GAICD, FGIA, FCG
Executive Director

Qualifications:	Grad Dip Applied Corporate Governance
Experience:	Heather has over 30 years' experience within the gaming and hospitality industries specialising in strategic planning, business development, stakeholder engagement and offshore growth. She has held senior executive roles at numerous gaming companies including Bloomberry Resorts Corporation and Echo Entertainment Group (ASX: SGR). Heather is a graduate of the Australian Institute of Company Directors (GAICD) and a Fellow of the Governance Institute of Australia (FGIA), and a Fellow of the Chartered Governance Institute (FCGI). Ms Scheibenstock was previously a Non-Executive Director of ASX-listed globalgaming company, Ainsworth Game Technology (ASX:AGI). She resigned inNovember 2019.
Special responsibilities:	Chair of the Audit and Risk Committee
Interest in shares	227,300 Ordinary shares and nil options over ordinary shares.

Following is a summary of the SenSen Directors' Skill Matrix.

	Directors with the mentioned skill			
Industry knowledge and Expertise The directors on the board all have experience in the markets SenSen operates.	●	●	●	●
Executive Leadership The board has valuable capability at executive level across a broad sector	●	●	●	●
Strategy development and Implementation Experience in Strategy development and execution at large and small scales	●	●	●	●
Investor/Public Relations Experience in capital markets, IPO, investment, and mergers.	●	●	●	○
Mergers and Acquisitions Experience in completing DD on mergers and/or acquisitions	●	●	●	●
Financial Reporting and Management Senior experience in financial management, reporting and audit	●	●	●	●
Corporate Governance Commitment to high standards of corporate governance and legal compliance	●	●	●	○
Risk Management Experience in managing financial and non-financial risk, crisis management	●	●	○	○
Human Resource management experience in employee management, succession planning and recruitment	●	●	●	○
Global business experience Significant international exposure across the globe, particularly North America, Asia, Europe, and Africa	●	●	●	●
Digital experience / information technology Senior experience in technology, especially in software innovation and digital technology and oversight of implementation of major technology projects	●	●	○	○

DIRECTORS' REPORT

Principal Activities

The principal activities of the group during the year were to develop and sell SenDISA platform-based products and services into 2 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 about casino table game occupancy, hands per hour, bet type and value for every bet placed on the gaming floor.

Dividends – SenSen Networks Limited

No dividends have been declared in the 2021 financial year (2020: no dividend declared).

Review of Operations

Information on the operations of the Group, its business strategies and prospects is set out in the Chairman's Letter on page 4.

Operating Results

The Group's net loss after tax was $3,021,747 (2020: Loss of $3,705,235). The loss for the year includes a non-cash share-based payment expense of $72,288 (2020: $290,405), and an increase in the Research and Development refund income of $1,431,991 to $2,758,790 for the year ended 30 June 2021 (2020: $1,326,799).

The Group improved the loss during the year based on growing revenue of 47% from existing and new customers. This lead to an improved net loss for the year, after tax of $3,021,747 (2020: $3,705,235 loss) or 18% and an EBITDA (unaudited) loss for 30 June 2021 of $2,280,897 (2020: $3,096,984 loss) or 26%

The performance of the business is reflected in the table below.

Business Performance	**2021**	**2020**	**Change %**
Net loss for the year, after tax	(3,021,747)	(3,705,235)	**18%**
Add back:			
Interest	181,484	156,442	
Tax	5,542	15,073	
Depreciation and amortization*	553,824	436,736	
EBITDA**	**(2,280,897)**	**(3,096,984)**	**26%**

* Includes depreciation on property, plant and equipment, leased assets (in accordance with AASB 16) and amortization of the intangible asset associated with the business combination in FY21.

** EBITDA: represents, earnings before interest, tax, depreciation and amortization. EBITDA is a non-IFRS measure and is therefore unaudited.

DIRECTORS' REPORT

Shares

The following shares were issued during the year:

No of Shares	
Balance as at 1 July 2020	**447,236,086**
- Advisor Shares, 21 December 2020	101,250
- Contractor Shares, 1 December 2020	105,263
- Employee Incentive Plan, 23 July 2020	3,371,052
SNAP Transaction	
- Shares issued, 1 December 2020 (50% in escrow at 30 June 2021)*	9,881,423
- Advisor Shares, 1 December 2020	263,158
- Placement of 57.2m shares, 5 January 2021	57,200,000
Balance as at 30 June 2021	**518,158,232**

Shares under option

Unissued ordinary shares of SenSen Networks Limited under option at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number of Options
20 March 2018	2 October 2021	$0.155	15,854,256
			15,854,256

Details of all options granted to key management personnel are disclosed in the Remuneration report.

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

15,600,000 options expired on 4 December 2020.
No shares were issued on exercise of options during the year and since the end of the financial year

Significant changes in the state of affairs

Outside of the Group's acquisition of Snap Network Surveillance Pty Ltd as disclosed in Note 21, there were no significant changes in the state of the affairs of the company during the year.

Update and impacts of COVID-19

The impacts of COVID-19 the Group have been detailed in the Chairman's Letter on page 4.

Events after the Reporting Period

On the 20 July 2021 the Group announced a successful quotation of 39,285,715 shares in SenSen, utilised as part of the acquisition agreement to the shareholders of Scancam Industries Pty Ltd. The acquisition was successfully completed on 21 July 2021, and details of this business combination have been disclosed in note 23 in the annual report.

Likely developments and review of operations

Comments on likely developments and review of operations of the Group are included in the Chairman's letter on page 4.

Further information on likely developments in the operations of the Group and the expected result of operations have not been included in the annual financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulations

The Group is subject to environmental regulations in Australia and in foreign countries where it operates. To the best of the Directors' knowledge, all activities have been undertaken in compliance with these environmental regulations.

DIRECTORS' REPORT

Directors' Meetings

The Company held five Directors' meetings during the year and two Audit and Risk Committee meetings. The attendances of the directors in office during the year at meetings of the Board and Committees were:

Director	Board of Directors		Audit and Risk Committee	
	Number Eligible to attend	**Number Attended**	**Number Eligible to attend**	**Number Attended**
Subhash Challa	5	5	2	2
David Smith	5	5	2	2
Zenon Pasieczny	5	5	2	2
Heather Scheibenstock	5	5	2	2

DIRECTORS' REPORT

Remuneration Report (Audited)

The Directors are pleased to present the Company's 2021 remuneration report which sets out remuneration information for the Company's executive directors, non-executive directors and other key management personnel.

(a) Details of Directors and Key Management Personnel during the year ended 30 June 2021

Mr Subhash Challa, Executive Chairman
Mr Zenon Pasieczny, Non-Executive Director
Mr David Smith, Executive Director
Mrs Heather Scheibenstock, Executive Director
Mr Jonathan Cook, Chief Financial Officer

The above Key Management Personnel (KMP) are the KMP of the Company, there are no other KMP in the Group.

(b) Remuneration governance

The Company does not have a remuneration committee, with remuneration decisions made by the Board on:

- The over-arching executive remuneration framework
- Operation of the incentive plans which apply to the executive team including key performance indicators and performance hurdles
- Remuneration levels of executive directors and the key management personnel, and
- Non-executive director fees

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

(c) Executive remuneration policy and framework

Remuneration levels are competitively set to attract the most qualified and experienced directors and executives.

The remuneration structures outlined below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creating shareholder value.

The Board ensures that executive reward satisfies the following criteria for good reward corporate governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation;
- transparency; and
- capital management.

The executive remuneration framework has two components

- base pay and benefits, including superannuation; and
- long-term incentives (LTIs) through participation in the SenSen Long Term Incentive Plan ("the Plan").

The payment of LTIs is conditional on the achievement of set performance criteria as outlined in detail later in the Remuneration Report.

Remuneration Report (Audited) (cont'd)

(d) Long-term incentives (LTIs)

SenSen's Long-Term Incentive Plan ("The Plan") was approved by shareholders at the 2021 General Meeting (GM). The Plan is designed to provide long-term incentives for employees including directors, to deliver long-term shareholder returns. Under the Plan, participants are granted LTI shares and options which only vest if certain performance standards are met. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

(e) Non-executive Director remuneration

Non-executive Directors receive director's fees plus superannuation contributions to a complying fund.

Fees are reviewed annually by the Board taking into account comparable roles and market data. These fees are subject to the annual limit outlined below.

(f) Shareholder approved Non-executive Directors' fees pool

The maximum annual aggregate non-executive directors' fee pool limit is $400,000 and was approved by shareholders at the 2017 annual general meeting held on 30 November 2017.

(g) Voting and comments made at the company's 2020 Annual General Meeting

SenSen Networks Limited received more than 99.9% of 'yes' votes on its remuneration report for the 2020 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

(h) Group's performance and link to remuneration

In considering the consequences of the Company's performance on shareholder wealth the Board is focused on total shareholder returns. The Company's Long-Term Incentive Plan is heavily performance based and the vesting of Key Management Personnel and staff options is dependent on the company meeting specific revenue targets.

The factors that are considered to affect shareholder return in the past 5 years are summarised below:

Measures	2021 $	2020 $	2019 $	2018 $	2017 $
Share price at end of financial year	0.150	0.070	0.087	0.160	0.100
Market capitalisation at end of financial year ($M)	$74.5	$31.3	$36.4	$65.8	$18.3
Net Profit/(loss) for the financial year	(3,021,747)	(3,705,235)	(5,277,798)	(9,220,416)	422,277
Director and Key Management Personnel remuneration	1,167,619	1,182,298	1,544,576	2,048,914	122,101

(i) Use of remuneration consultants

In December 2019 SenSen engaged Egan & Associates to conduct a review and advise on a new LTI plan. In January 2020 SenSen requested for Egan & Associates to also review the remuneration levels of the Board and Executives of SenSen.

Remuneration Report (Audited) (cont'd)

(j) Details of Remuneration

2021	Short-term Employee Benefits		Post-Employment Benefit	Long-term	Share-based payments		Total	Performance related %
Name	**Salary and Fees**	**Bonus**	**Superannuation**	**Long Service Leave**	**Share Rights**	**Options**		
	$	**$**	**$**	**$**	**$**	**$**	**$**	
Directors								
S Challa	315,000		29,925	13,269	-	-	358,194	-
D Smith	262,500		24,937	-	-	-	287,437	-
Z Pasieczny	50,400		4,788	-	-	-	55,188	-
H Scheibenstock	173,973		16,527	-	-	-	190,500	-
Other key management personnel								
J Cook (CFO)	219,333		6,967	-	50,000	-	276,300	-
	1,021,206	**-**	**83,144**	**13,269**	**50,000**	**-**	**1,167,619**	**-**

2020	Short-term Employee Benefits		Post-Employment Benefit	Long-term	Share-based payments		Total	Performance related %
Name	**Salary and Fees**	**Discretionary Bonus*** **	**Superannuation**	**Long Service Leave**	**Shares**	**Options**		
	$	**$**	**$**	**$**	**$**	**$**	**$**	
Directors								
S Challa	305,000**	50,000	28,975	24,972	92,571	-	501,518	10%
D Smith	254,158**	50,000	24,145	-	77,143	-	405,446	12%
Z Pasieczny	48,800**	-	4,636	-	-	-	53,436	-
J Ko (Ex-Director)	37,018	-	3,517	-	-	-	40,535	-
H Scheibenstock	45,600**	-	4,332	-	-	-	49,932	-
Other key management personnel								
T Lynch (Ex-CFO)	50,411**	-	-	-	15,420	-	65,831	-
J Cook (CFO)	44,000	-	-	-	21,600	-	65,600	-
	784,987	**100,000**	**65,605**	**24,972**	**206,734**	**-**	**1,182,298**	**-**

** Includes deferred salary mentioned above from March 2019 that was subsequently offset by a 20% reduction to salary from March 2020.
***Certain bonus payments were made to select SenSen key management personnel upon the successful completion of the Angel Japan Co. transaction

Remuneration Report (Audited) (cont'd)

(k) Details of share-based payments

The ordinary shares in the above table were issued as part of compensation to key management personnel during the year ended 30 June 2021, 30 June 2021 and 30 June 2020. No options over ordinary shares were issued as part of compensation to key management personnel during the year ended 30 June 2020 or 30 June 2021.

Share Rights

A new LTI scheme was approved by the Board of SenSen on 10 May 2021 and grants rights to shares to key employees of the Company over a three-year period, if certain targets are achieved. Shareholders voted at a general meeting of the Company on 15 July 2021 to approve 25,000,000 shares to be issued over three years for this scheme.

The number of rights to shares were granted on 15 July 2021 (post year-end, therefore with no impact in the 30 June 2021 financial year), and vest annually if the following three targets are achieved by SenSen executives:

Grants		Target measures		
Financial Year		**Service**	**Revenue Target**	**EBITDA**
	Grant date			
2020/2021	Vest	50%	40%	10%
2021/2022	Vest	50%	40%	10%
2022/2023	Vest	50%	40%	10%

Share rights to these three grants vest annually once the Company issues its Annual Report on or around 30 October. This report will provide audited revenue and EBITDA results that will be used to determined whether individual tranches vest. The following tables outline the individual annual hurdles/targets required in order for annual share rights to be awarded and vest:

Annual Hurdles/Targets
Service

Service	Percentage of Rights Vesting
Less than 12 months*	Nil
Threshold: 1 year – 3 years	75%
Target: 3 years +	100%

Revenue

- First vesting date Revenue 40% greater than FY2020 Revenue recorded in the 30 June 2020 Annual Report
- Second vesting date Revenue 25% greater than hurdle -revenue established at first vesting date (i.e. audited full year revenue for FY2021)
- Third vesting date Revenue 25% greater than hurdle Revenue established at second vesting date (i.e. audited full year revenue for FY2022)

EBITDA

- First vesting date EBITDA 25% greater than FY2020 EBITDA recorded in the 30 June 2020 Annual Report
- Second vesting date EBITDA 25% greater than hurdle EBITDA established at first vesting date (i.e. audited full year EBITDA for FY2021)
- Third vesting date EBITDA 25% greater than hurdle EBITDA established at second vesting date (i.e. audited full year EBITDA for FY2022)

These share rights are issued for nil consideration based on a five-day VWAP of the Company's share price prior to the lodgment of the Annual Report is lodged and represents a percentage of the executive's salary.

Remuneration Report (Audited) (cont'd)

Prior Years

Rights to shares under the LTI scheme (LTI shares) were granted on 28 March 2018. Under the LTI Plan, the Company issued LTI shares to employees for nil consideration in addition to the cash remuneration with no conditions other than continuous service. The LTI shares awards for executives were determined based on percentage of the annual remuneration with the number of shares being calculated by reference to the 5-day volume weighted average market price (VWAP) of the Company's Shares on the first business day following the ASX release of each Quarterly Activities and Cashflow Report at each annual reporting date. The LTI shares are based on a fixed value capped at the maximum LTI shares based on a floor price of $0.25 each.

The number of LTI Shares were issued annually in three tranches for the years ended 30 June 2018, 30 June 2019 and 30 June 2020. The LTI shares vested annually on 30 June 2018, 30 June 2019 and 30 June 2020. If an executive ceases employment before the rights vest, the rights were forfeited. The fair value of the LTI shares was determined based on the market price of the Company's shares at the grant date, with an adjustment made to take into account the vesting periods.

	Grant Date	Vesting Date	Grant date value ($)
Tranche 1	20 March 2018	30 June 2018	$0.18
Tranche 2	20 March 2018	30 June 2019	$0.09
Tranche 3	20 March 2018	30 June 2020	$0.09

The table below shows how many shares were granted, vested and forfeited during the year.

2021	Year	Balance at start of year	Granted during the year	Vested	Forfeited	Balance (vested) at end of year	Balance at end of year (unvested)	Maximum value yet to vest
	Granted	(Number)	(Number)	(Number)	(Number)		(Number)	($)
S Challa	2018	514,286	-	-	-	514,286	-	$0
D Smith	2018	428,571	-	-	-	428,571	-	$0
J Cook	2020	205,714	-	-	-	205,714	-	$0

The Group entered into an arrangement to grant $50,000 of shares at $0.145 (ie 344,828 shares) on the shared understanding date of 30 June 2021. There were no performance conditions attached to this grant or terms required to achieve the issuance. The fair value of the grant will equal $0.145 which was the share price at 30 June 2021 (shared understanding date). The shares were not issued as at 30 June 2021 and will be issued in the future financial period.

2020	Year Granted	Balance at start of year (Number)	Granted during the year (Number)	Vested (Number)	Forfeited (Number)	Balance (vested) at end of year	Balance at end of year (unvested) (Number)	Maximum value yet to vest ($)
S Challa	2018	514,286	-	514,286	-	514,286	-	-
D Smith	2018	428,571	-	428,571	-	428,571	-	-
T Lynch	2018	205,714	-	85,667	120,047	85,667	-	-
J Cook	2020	-	205,714 [1]	205,714	-	205,714	-	-

[1] 205,714 LIT shares were granted to J Cook on 29 January 2020. There were no performance conditions attached to this grant. The fair value on grant date was $0.11.

Options

No options were issued to key management personnel during the year ended 30 June 2021.

Remuneration Report (Audited) (cont'd)

(l) Key Management Personnel Shareholdings

(i) Option holdings of key management personnel in SenSen Networks Limited

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

	Name	Grant Date	Vesting Date	Expiry Date	Exercise Price	No. of options granted	No. of options vested	% options vested	Value per option at grant date
Tranche 1	S Challa	20 March 2018	See conditions below.	2 Oct 2021	See conditions below.	6,600,000	6,340,620	96%	$0.0801
Tranche 1	D Smith	20 March 2018	See conditions below.	2 Oct 2021	See conditions below.	4,500,000	4,323,150	96%	$0.0801
						11,100,000	**10,663,770**		

Note: Tranche 3 Issue Conditions were not achieved.

If all of the above options granted to Key Management Personnel were to vest and be exercised, excluding the time value of money, the Company could receive cash proceeds of up a to a maximum of $1,836,680 on the potential exercise of these options in the period from the vesting date to their expiry date of 2 October 2021.

The value at grant date is calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

During the year, no options were exercised by directors or other key management personnel.

LTI Incentive Options fully expired during the year end 30 June 2021

Tranche 1 LTI Performance Options were granted on the basis of the following conditions below. 96% of Tranche 1 vested in accordance with performance conditions. Tranche 2 LTI options were granted, subsequently the issue conditions were not achieved and not met and 0% of these options vested.

Issue conditions	Exercise Price
<u>Tranche 1</u> Upon satisfaction of the following hurdle: • LTI Options (Performance) are only issued should the Company increase its year on year revenue, commencing from the audited revenue of $2,065,570, as reported in the 2017 Annual Report of SenSen P/L. • LTI Options (Performance) will be issued based on the percentage increase in audited revenue performance year-on-year. The Company must achieve a minimum 50% increase in revenue from 2017 to 2018 or no LTI Options (Performance) will be issued.	Five-day VWAP of the Company's shares, following the ASX release of the Company's Annual Report, for the financial year ended 30 June 2018

DIRECTORS' REPORT

Remuneration Report (Audited) (cont'd)

Fair value of options granted

The fair value of the equity-settled share options is estimated as at the date of grant using Black Scholes model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used in the valuation of the options granted in 2018.

	Tranche 1
Expected Volatility	65%
Risk-free rate	2.10%
Expected life	3 years
Dividend yield	0%
Weighted average exercise price	$0.25
Share price at grant date	$0.18

2021	Balance at 1 July 2020	Granted as remuneration	Options forfeited or lapsed	Balance as at 30 June 2021	Total Vested	Total Non-vested
S Challa	12,940,620	-	6,600,000	6,340,620	6,340,620	-
D Smith	8,823,150	-	4,500,000	4,323,150	4,323,150	-

2020	Balance at 1 July 2019	Granted as remuneration	Options forfeited or lapsed	Balance as at 30 June 2020	Total Vested	Total Non-vested
S Challa	12,940,620	-	-	12,940,620	12,940,620	-
D Smith	8,823,150	-	-	8,823,150	8,823,150	-
T Lynch	1,185,778	-	-	1,185,778	1,185,778	-

T Lynch ceased to be a KMP by 30 June 2020 (prior financial year).

Remuneration Report (Audited) (cont'd)

(ii) Shareholdings of key management personnel in SenSen Networks Limited

2021	Balance at 1 July 2020	LTI Shares issued as remuneration	Shares issued on exercise of options	Other changes during the year	Balance held at 30 June 2021
Directors					
S Challa	80,217,828	-	-	-	80,217,828
D Smith	11,619,157	-	-	-	11,619,157
Z Pasieczny	46,876,259	-	-	-	46,876,259
H Scheibenstock	227,300	-	-	-	227,300
Other KMP					
J Cook (CFO) (ii)	205,714	-	-	-	205,714
Total	**139,146,258**	**-**	**-**	**-**	**139,146,258**

2020	Balance at 1 July 2019	LTI Shares issued as remuneration	Shares issued on exercise of options	Other changes during the year	Balance held at 30 June 2020
Directors					
S Challa	79,453,542	514,286	-	250,000	80,217,828
D Smith	11,140,586	428,571	-	50,000	11,619,157
Z Pasieczny	46,876,259	-	-	-	46,876,259
J Ko (Ex-Director)	50,000	-	-	-	50,000
H Scheibenstock	-	-	-	227,300	227,300
Other KMP					
Tony Lynch (Ex-CFO)	411,428	85,667	-	-	497,095
J Cook (i)	-	205,714	-	-	205,714
Total	**137,931,815**	**1,234,238**	**-**	**527,300**	**139,693,353**

(i) J Cook was appointed as Chief Financial Officer on 5 February 2020.
(ii) J Cook was granted the rights to 344,828 shares on 30 June 2021, which will be granted in the future financial year.

None of the shares above are held nominally by the directors or any of the other key management personnel.

(m) Loans from key management personnel

On 29 May 2019, a loan agreement was executed with Subhash Challa (director) to provide the Company an unsecured loan facility of $500,000. Loans outstanding from this facility as at 30 June 2021 amounted to $nil (2020: $400,101). The loan was repaid in full in January 2021. Interest was payable on this loan at the rate of 4.95% per annum. In additional to the loan, interest payable for the year amounted to $24,248 (2020: $18,948). The principal and accrued interest is payable on maturity date.

DIRECTORS' REPORT

Remuneration Report (Audited) (cont'd)

(n) Other transactions with key management personnel

There were no other transactions with key management personnel of the group, including their close family members and entities related to them, during the financial year ended 30 June 2021 or 30 June 2020.

(o) Service Agreements with key management personnel

The Company's policy is to enter into service contracts with executive directors and senior executives on appointment that are unlimited in term but capable of termination on specified notice periods; and that the Company has the right to terminate the contract immediately by making payment equal to the specified notice period as pay in lieu of notice other than for misconduct when termination is immediate. The executive directors and senior executives are also entitled to receive on termination of employment their statutory entitlements of accrued annual leave and long service leave.

The service contract outlines the components of remuneration paid to the executive directors and key management personnel but does not prescribe how remuneration levels are modified year to year.

Details of contracts with the current Directors and KMP of the Group that received remuneration during the 2021 financial year are set out below:

Director / KMP	Terms of Agreement	Base salary including superannuation	Termination benefit	Notice period
S Challa	Ongoing	$358,194	6 Months	6 Months
D Smith	Ongoing	$287,437	6 Months	6 Months
Z Pasieczny	Ongoing	$55,188	Not Applicable	Not Applicable
H Scheibenstock	Ongoing	$190,500	1 Month	1 Month
J Cook	Consultant, then Appointed on 1 Mar, 2021 as Ongoing	$276,300	1 Month	1 Month

End of Remuneration Report (Audited)

SenSen Corporate Governance Summary

SenSen is committed to ensuring that its corporate governance framework, policies and practices are of a high standard. Delivering on this commitment involves SenSen having a solid understanding of current governance requirements and practices, as well as being familiar with emerging governance trends and ever-changing stakeholder expectations.

Throughout FY21, SenSen Network's corporate governance procedures were consistent with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council (ASX Principles), and detailed explanations where it didn't meet the recommendations.

SenSen's 2021 Corporate Governance Statement is available at sensen.ai/CorporateGovernance.

SenSen's 2021 Corporate Governance Statement outlines SenSen's arrangements in relation to its Board, Board Committees, Executive Team, risk management framework and financial reporting, diversity, corporate governance policies and shareholder engagement.

DIRECTORS' REPORT

Auditor's Independence Declaration

The directors received the Independence Declaration from the lead auditor of SenSen Networks Limited which is appended to this report on page 55.

Non-Audit Services

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, BDO Audit Pty Ltd, and its related practices:

Other non-assurance services	**$**
Tax compliance services	68,540
	68,540

Details of the amounts paid or payable to the Company's auditor and related practices of the auditor for non-audit services provided during the year are set out above. The Board has considered the position and in accordance with advice received from the Audit & Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act.

Indemnifying and Insurance of Directors and Officers

During or since the end of the previous financial year, the Company has given an indemnity or entered into an agreement to indemnity, or paid or agreed to pay insurance premiums as follows:
The Company has paid premiums to insure all of the Directors and key management personnel of the Company as named above, the Company Secretary, and all executive officers of the Company against any liability incurred as such by Directors, the Secretary or Executive Officers to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnification has been obtained for the auditors of the Company or the Group.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

This report has been signed in accordance with a resolution of the directors.

Subhash Challa, Chairman
Date: 20 September 2021

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of SenSen Networks Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 20 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Revenue from contracts with customers			
Revenue from contracts with customers	3	5,532,537	3,763,526
Cost of sales and providing services		(2,029,646)	(997,047)
Gross Profit		3,502,891	2,766,479
Other income	3	2,806,681	1,538,587
Interest income	3	5,698	18,493
Expenses			
Consulting and professional expenses		(3,049,132)	(2,210,230)
Research and development expense	4	(3,572,513)	(2,898,462)
Staff costs – share based payments	4	(72,288)	(290,405)
Occupancy expense		(179,793)	(170,687)
Marketing expense		(212,905)	(98,207)
Administration expense	4	(2,063,360)	(2,189,288)
Finance costs	4	(181,484)	(156,442)
Loss before income tax		**(3,016,205)**	**(3,690,162)**
Income tax expense	5	(5,542)	(15,073)
Loss for the period		**(3,021,747)**	**(3,705,235)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign controlled entities		43,327	(19,314)
Total other comprehensive loss		**43,327**	**(19,314)**
Total comprehensive (loss)/income for the period		**(2,978,420)**	**(3,724,549)**
Loss per share:			
Basic and diluted loss per share (cents)	6	**(0.62)**	**(0.85)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position
As at 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	5,176,463	2,462,642
Trade and other receivables	10	978,742	743,703
Contract assets	11	348,170	558,169
Inventory	12	241,394	802,908
Other assets		1,277,349	138,310
Total Current Assets		**8,021,848**	**4,705,732**
Non-Current Assets			
Other receivables		67,642	50,515
Intangible assets	14	916,667	-
Goodwill	14	383,399	-
Right of use asset	15	409,102	386,672
Property, plant and equipment	13	390,820	352,911
Total Non-Current Assets		**2,167,630**	**790,098**
TOTAL ASSETS		**10,189,478**	**5,495,830**
LIABILITIES			
Current Liabilities			
Trade payables	16	750,357	1,094,691
Tax liabilities		-	14,347
Contract liabilities	16	521,874	1,399,926
Accruals and other payables	16	937,057	119,935
Employee benefits	16	263,687	321,868
Lease liabilities	15	305,659	234,878
Borrowings	17	861,280	1,312,767
Total Current Liabilities		**3,639,914**	**4,498,412**
Non-Current Liabilities			
Employee benefits	16	105,983	78,680
Lease liabilities	15	138,129	197,288
Total Non-Current Liabilities		**244,112**	**275,968**
TOTAL LIABILITIES		**3,884,026**	**4,774,380**
NET ASSETS		**6,305,452**	**721,450**
EQUITY			
Issued capital	18	41,649,827	33,159,693
Reserves	19	3,597,335	3,481,720
Accumulated losses		(38,941,710)	(35,919,963)
TOTAL EQUITY		**6,305,452**	**721,450**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

Consolidated	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Balance at 1 July 2019	**29,463,614**	**(32,214,728)**	**3,210,629**	**459,515**
Loss for the period	-	(3,705,235)	-	(3,705,235)
Other comprehensive loss for the period	-	-	(19,314)	(19,314)
Total comprehensive loss for the period	**-**	**(3,705,235)**	**(19,314)**	**(3,724,549)**
Transactions with owners in their capacity as owners				
Shares issued during the year	3,329,412	-	-	3,329,412
Historical loan conversion to equity	366,667	-	-	366,667
Share Based Payments	-	-	290,405	290,405
Total transactions with owners for the Period	**3,696,079**	**-**	**290,405**	**3,986,484**
Balance at 30 June 2020	**33,159,693**	**(35,919,963)**	**3,481,720**	**721,450**
Balance at 1 July 2020	**33,159,693**	**(35,919,963)**	**3,481,720**	**721,450**
Loss for the period	-	(3,021,747)	-	(3,021,747)
Other comprehensive income for the period	-	-	43,327	43,327
Total comprehensive income for the period	**-**	**(3,021,747)**	**43,327**	**(2,978,420)**
Transactions with owners in their capacity as owners				
Shares issued during the year (see note 18)	8,597,634	-	-	8,597,634
Capital raising costs (see note 18)	(107,500)	-	-	(107,500)
Share Based Payments	-	-	72,288	72,288
Total transactions with owners for the period	**8,490,134**	**-**	**72,288**	**8,562,422**
Balance at 30 June 2021	**41,649,827**	**(38,941,710)**	**3,597,335**	**6,305,452**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers		4,676,093	4,279,899
Payments to suppliers and employees		(9,545,506)	(8,611,061)
Interest received		3,683	18,493
Finance costs		(131,037)	(60,046)
Government grants received		1,618,995	1,447,119
Income tax paid		(31,204)	(100,902)
Net cash used in operating activities	**9(a)**	**(3,408,976)**	**(3,026,498)**
Cash flows from investing activities			
Purchase of plant and equipment	13	(252,554)	(99,996)
Net cash used in investing activities		**(252,554)**	**(99,996)**
Cash flows from financing activities			
Proceeds from issue of shares	18	7,150,000	3,329,265
Repayment of lease liabilities	9(b)	(252,848)	(220,531)
Transaction Cost related to issue of shares	18	(107,500)	-
Proceeds from borrowings	9(b)	880,000	598,197
Repayment of borrowings	9(b)	(1,294,301)	(90,000)
Net cash provided by financing activities		**6,375,351**	**3,616,931**
Net increase in cash and cash equivalents		2,713,821	490,437
Cash and cash equivalents at beginning of the financial year		2,462,642	1,972,205
Cash and cash equivalents at end of financial year	8	**5,176,463**	**2,462,642**

The above Consolidated Statement of Cashflows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the financial statements and notes of SenSen Networks Limited, a listed public company incorporated and domiciled in Australia.

The separate financial statements of the parent entity, SenSen Networks Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 20 September 2021 by the directors of the company.

(a) Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements. For the year ended 30 June 2021 amounts contained in this report and in the financial report have been rounded to the nearest dollar.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Significant Accounting Policies

(b) Going concern basis

The consolidated financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As disclosed in the consolidated financial statements, the group has net operating cash outflows during the year ended 30 June 2021 of $3,408,976 (30 June 2020: $3,026,498) and as at 30 June 2021 has a net asset position of $6,305,452 (30 June 2020: $721,450). The Group also generated a loss after tax for the year of $3,021,747 (30 June 2020: $3,705,235).

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

- The expected realisation of customer contracts in a manner that generates 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 Groups products
- Discussions with parties interested in contributing capital
- The ability to scale back expenditure as and when required to preserve cash if needed
- The directors do not expect a significant 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue Recognition

AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group is in business of developing and selling SenDISA platform-based products and services into two major customer markets:

- **Smart Cities:** civic compliance, traffic data and law enforcement solutions to city councils, national parks, road authorities and transit agencies across the globe.
- **Retail and Leisure**: delivering accurate actionable insights to casinos about table occupancy, hands per hour, bet type and value for every bet placed on the gaming floor.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

AASB 15 Revenue from Contracts with Customers

Sale of Hardware, Software Licence and Customised Installation

In relation to the sale of Hardware and Software Licences, the Group concludes that these sales are highly interrelated and interdependent with the installation therefore not capable of being distinct. The performance obligation in relation to sales is satisfied when the installation is complete. The licences granted to customers provide a right for them to access the software.

Further, the Group sells the software licences in some cases bundled with a maintenance period. After the initial period of maintenance, the customer has the option to sign-up for additional periods of maintenance.

The maintenance is distinct on its own. The software remains functional after installation without updates, support and software maintenance and therefore is not integrated with the other goods or services. Further, the customer can continue to utilise the software without the maintenance (the customer can still retain continued functionality of the software for a reasonable period of time after instillation). Thus, the Group concludes that the customer can benefit from the maintenance on its own and the criterion in paragraph 27(a) of AASB 15 is met. In addition, the maintenance is distinct within the context of the contract and the criterion in paragraph 27(b) of AASB 15 is met. Maintenance is recognised over the period the services are provided. Revenue is measured on a straight-line basis, which best depicts the Group's performance.

Service contracts

Identifying performance obligations

Service contracts generally include a number of key deliverables. The Group observed that these key deliverables are considered tasks and not distinct on their own. That is, the customer cannot benefit from the good or service either on its own or together with other resources that are readily available to the customer. Therefore, the criterion in paragraph 27(a) of AASB 15 is not met. Further, the tasks are considered inputs to produce the combined output (i.e. software development of customer's new/existing software) specified in the contract (paragraph 29(a) of AASB 15). Therefore, the criterion in paragraph 27(b) of AASB 15 (on the basis of the factors in paragraph 29 of AASB 15) is not met.

The Group concludes that there is one performance obligation which is the service contracts. Revenue on service contracts is measured on a straight-line basis, which best depicts the Group's performance.

Customer contracts with multiple performance obligations

Where a customer enters into a contract for multiple performance obligations, these are accounted for based on the relative stand-alone selling price for the individual obligation. Contracts for software licences that feature integrated business solution applications, may include additional charges for professional services. Revenues of this nature are considered distinct and are individually accounted for as separate performance obligation. Fees are based on standard hourly rates and have been allocated according to their respective stand-alone selling price.

Customer contracts for transaction services are also treated as a separate performance obligation as business transactions are processed on behalf of the customer for a determined fee.

In all cases, the total transaction price for a customer contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost of obtaining a customer contract
AASB 15 requires that incremental costs associated with acquiring a customer contract, such as sales commissions, are recognised as an asset and amortised over a period that corresponds with the period of benefit.

Unsatisfied performance obligations
The Group continues to recognise its 'contract liabilities' under AASB 15 in respect of any unsatisfied performance obligations. These liabilities are disclosed as in the consolidated statement of financial position.

Financing components
The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Standard payment terms
Standard payment terms on customer invoices is disclosed in note 1 (i) below.

(d) Changes in Accounting Policies

New accounting standards
The accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations were applied for the first time during the year, but these changes did not have an impact on the Consolidated Group's financial statements and hence, have not been disclosed. The Consolidated Group adopted the amendments to AASB 3 Business Combinations which clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments were considered and applied for the business combinations entered into by the Consolidated Group during and post the financial year.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods. The Consolidated Group has decided against early adoption of these standards. The Consolidated Group has assessed the impact of these new standards and interpretations and does not expect that there would be a material impact on the Consolidated Group in the current or future reporting periods and on foreseeable future transactions.

(e) Business combinations and asset acquisitions

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in a business combinati the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Acquisitions of entities that do not meet the definition of a business contained in AASB 3 Business Combinations (IF 3) are not accounted for as business combinations. In such cases the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in AASB 138 Intangible Assets (IAS 38) and liabilities assumed. The cost of the group of net assets is then allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

Except for business combinations, no deferred income tax is recognized from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax

The income tax for expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).
Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authorities. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a 'legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

SenSen Networks Limited and its fully owned Australian subsidiary SenSen Networks Group Pty Limited have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

(g) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and other receivables

Trade receivables and other receivables, both of which generally have 30-day terms, are non-interest bearing and are recognised and carried at amortised cost using the effective interest rate method, less allowance for credit losses. These receivables are classified as current assets unless not recoverable within 12 months after reporting period.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The amounts are unsecured and are usually paid within 30 days from date of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using effective interest method.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).
Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the ATO is included with other receivables or payables in the statement of financial position.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) Property, plant and equipment

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(n) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Depreciation
The depreciable amount of all fixed assets is depreciated on either a diminishing value or a straight-line basis over the asset's useful life from the time the asset is ready for use. The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate per annum
Computer equipment	33 – 50%
Furniture and equipment	20 – 33%

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An assets recoverable amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(m) Intangible assets

Goodwill
Goodwill is measured as per the Business Combination policy in note 1 (e). Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intellectual Property

Separately acquired intellectual property is shown at historical cost. Intellectual property acquired in a business combination is recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The useful live applied to the recognised intellectual property is 7 years.

(n) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Employee benefits – short term obligations

Liabilities for wages and salaries, including non-monetary benefits and personal leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

All other short-term employee benefit obligations are presented as payables.

Employee benefits – long term obligations

The Group also has liabilities for long service leave that is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Thee obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms that match the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Equity-settled compensation

The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial, or Black-Scholes model, further details of which are given in Note 26. The fair value of shares is determined by the market value of the Group's shares at grant date.

In valuing equity-settled transactions, any performance conditions are taken into account if relevant and assumptions around the likelihood of meeting these performance conditions are factored into the valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(q) Leases

The group leases office space and motor vehicles. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, and range between one and three years. These assets are also subject to impairment, as per Note 1(n).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down. The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months of less (with no extension options) and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Inventory

The Group's inventory consists of hardware and other finished goods, which are stated at the lower of cost and net realisable value. Cost comprises direct purchase price and is determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(s) Financial instruments

The Group measures financial instruments under the requirements of AASB 9. AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets

Financial assets (trade and other receivables) and financial liabilities are classified at amortised cost, as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

In determining the impairment of financial assets under AASB 9, an expected credit loss model is applied. To reflect changes in credit risk, this expected credit loss (ECL) model requires the group to account for expected credit loss since initial recognition. The Group applies the AASB 9 simplified approach to measuring expected credit losses which used lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, the trade receivables have been grouped based on shared credit risk characteristics and the number of days past due. The contract assets relate to unbilled work in progress and unbilled software and hardware sales and have substantially the same characteristics as the trade receivables for the same types of contracts. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, there was no material impairment loss identified.

(t) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(u) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions.

Research and development tax incentive

The company is eligible for the Commonwealth Government research and development tax incentive. To be eligible the company 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 company will comply with the conditions attaching to them and the grants will be received.

(w) Principles of consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1 (e)).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(x) Segment reporting

Refer to note 2 for the accounting policy and disclosures relating to the Group's operating segments.

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing:

- The profit/(loss) attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares;
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share is calculated by dividing:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(aa) 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 expectations of future events that may have an impact on the Company. All judgments, 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. The more significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Share-based payments (note 26)
The estimation of the likelihood of meeting performance conditions on Long Term Incentive Performance Options has been based on historical experience and management judgement. In addition, this estimate is assessed annually and considered in the context of actual Group performance.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Recognition of revenue (note 1 (c))
The Group recognises revenue from either individual or multiple element arrangements such as hosting and installation, an assessment is made as to whether these give rise to separate performance obligations which are accounted for using the methods outlined in Note 1 (c) for each individual element contained within the contract.

(iii) Impairment of goodwill and intangible assets (note 1 (n))
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 of the cash-generating unit. 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 of the cash-generating unit.

(iv) *Government Grants (note 1 (v))*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions.

(v) Research and development tax incentive

The company is eligible for the Commonwealth Government research and development tax incentive. To be eligible the company 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 company will comply with the conditions attaching to them and the grants will be received.

2. 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
- Casinos

Segment Revenues and Results
The following is an analysis of the Group's revenue and results by reportable operating segment.

	Smart Cities	Casinos	Consolidated total	Smart Cities	Casinos	Consolidated total
	$	$	$	$	$	$
	2021			2020		
Segment performance Revenue						
Revenue from contracts with customers	4,805,623	726,914	5,532,537	3,376,472	387,054	3,763,526
Other income	1,801,081	1,011,298	2,812,379	938,097	618,983	1,557,080
Total revenue and other income	**6,606,704**	**1,738,212**	**8,344,916**	**4,314,569**	**1,006,037**	**5,320,606**
Segment expenses	(7,667,880)	(3,693,241)	(11,361,121)	(6,207,044)	(2,803,724)	(9,010,768)
Segment result before tax	(1,061,176)	(1,955,029)	(3,016,205)	(1,892,475)	(1,797,687)	(3,690,162)
Income tax	(5,542)	-	(5,542)	(15,073)	-	(15,073)
Net Loss	**(1,066,718)**	**(1,955,029)**	**(3,021,747)**	**(1,907,548)**	**(1,797,687)**	**(3,705,235)**
Depreciation and amortisation	348,857	195,881	544,738	263,121	173,615	436,736
Share-based payment expense	54,308	17,980	72,288	174,969	115,436	290,405

2. SEGMENT REPORTING (CONTINUED)

	Smart Cities $	Casinos $	Consolidated $	Smart Cities $	Casinos $	Consolidated $
	As at 30 June 2021			As at 30 June 2020		
Segment Assets:						
Segment assets	8,635,968	1,553,510	10,189,478	3,746,819	1,749,011	5,495,830
Total Assets	**8,635,968**	**1,553,510**	**10,189,478**	**3,746,819**	**1,749,011**	**5,495,830**
Segment Liabilities:						
Segment liabilities	(3,142,937)	(741,089)	(3,884,026)	(3,548,265)	(1,226,115)	(4,774,380)
Total Liabilities	**(3,142,937)**	**(741,089)**	**(3,884,026)**	**(3,548,265)**	**(1,226,115)**	**(4,774,380)**

The following is an analysis of the Group's revenue by reportable geographic segment.

	Smart Cities $	Casinos $	Consolidated $	Smart Cities $	Casinos $	Consolidated $
	2021			2020		
Revenue Geographies						
Asia	399,599	523,139	922,738	563,011	379,763	942,774
ANZ	2,412,511	203,774	2,616,285	2,220,487	7,291	2,227,778
North Americas	1,993,514	-	1,993,514	592,974	-	592,974
Total	**4,805,624**	**726,913**	**5,532,537**	**3,376,472**	**387,054**	**3,763,526**

The Group does not report the net profit/(loss) or net assets by geographic stream to the Chief Operating Decision Maker, and as such, these balances are not considered relevant for segment reporting.

The following is an analysis of the Group's revenue by stream, recognised over time and at a point in time by segment:

	Smart Cities $	Casinos $	Consolidated $	Smart Cities $	Casinos $	Consolidated $
	2021			2020		
Revenue						
Point in Time	2,292,252	566,464	2,858,716	1,468,511	286,439	1,754,950
Over Time	2,513,372	160,449	2,673,821	1,907,960	100,616	2,008,576
Total Revenue	**4,805,624**	**726,913**	**5,532,537**	**3,376,471**	**387,055**	**3,763,526**

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE AND OTHER INCOME

	Consolidated 2021 $	2020 $
Revenue from contracts with customers		
Revenue recognised at a point in time*	2,858,716	1,754,950
Revenue recognised over time**	2,673,821	2,008,576
	5,532,537	**3,763,526**
Other Income		
Interest received	5,698	18,493
Gain on loan conversion to equity	-	133,333
Government subsidy/grant	47,891	62,500
Other income	-	15,955
Research and Development Grant	2,758,790	1,326,799
	2,812,379	1,557,080
Total revenue and other income	**8,344,916**	**5,320,606**

4. EXPENSES

	Note	Consolidated 2021 $	2020 $
Finance costs – interest paid to other persons		181,484	156,442
Depreciation - PPE		206,718	212,680
Depreciation – Right of use asset		263,773	224,056
Amortisation - Intangible		83,333	-
		553,824	**436,736**
Contributions to defined contribution superannuation funds	(a)	237,491	232,126
Other employee benefits expenses		3,471,836	2,956,741
Total employee benefits expenses		**3,709,327**	**3,188,867**
Administration expenses includes the following material balances:			
Staff Costs			
Contributions to defined contribution superannuation funds		237,491	232,126
Wages & other staff expenses		1,857,358	1,123,546
Total Staff Costs		**2,094,849**	**1,355,672**
Office & Other Expenses		276,038	803,357
Technology Costs		719,478	439,345

* Includes sale of hardware, professional services (installation), initial software licences and proof of concept revenue once the performance obligation is delivered to the customer, in accordance with AASB15 and accounting police 1(c).
**Includes hardware and software maintenance, software license fee and other ongoing support services, in accordance with AASB1 and accounting policy 1(c).

(a) Contributions to defined contribution plans are expensed when incurred.

5. INCOME TAX

		Consolidated 2021 $	Consolidated 2020 $
(a)	**Major components of income tax benefit (expense)**		
	Current tax expense		
	Current tax expense	7,052	16,583
	Deferred tax expense		
	Relating to origination and reversal of temporary differences	(1,510)	(1,510)
	Total income tax expense/(benefit)	5,542	15,073

		Consolidated 2021 $	Consolidated 2020 $
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Loss from continuing operations before income tax expense	(3,016,204)	(3,690,162)
	Tax at the Australian tax rate of 26.0% (2020: 27.5%)	(784,213)	(1,014,794)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Non-deductible items	51,966	105,614
	(Over)/Under provision for tax in the previous year	97,555	149,390
	Accounting expenditure subject to R&D tax incentive	928,853	797,077
	Other income not included in assessable income	(1,021,652)	(485,870)
	Other	199,841	-
	Deferred tax asset not recognised on temporary differences	533,192	463,656
	Total Income tax expense/(benefit)	**5,542**	**15,073**

		Consolidated 2021 $	Consolidated 2020 $
(c)	**Deferred Income Tax**		
	Deferred income tax at 30 June relates to the following:		
	Deferred Tax Assets		
	Sundry creditors and accruals	7,572	19,566
	Provisions	162,061	54,793
	Borrowing expenses	-	102
	Share issue costs	36,500	33,000
	Section 40-880 Deduction	40,889	94,165
	Depreciation	2,182	13,343
	Other	117,366	266,610
	Tax losses carried forward	1,631,836	983,634
	Deferred tax asset not recognised	(1,998,406)	(1,465,213)
		-	-

The benefit of the deferred tax asset will only be obtained if:

(i) future assessable income of a nature and of an amount sufficient to enable the benefit to be realised is generated;
(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(iii) no changes in tax legislation adversely affect the Group in realising the benefit.

5. INCOME TAX (CONTINUED)

(d) Movements in deferred tax assets

Year ended June 2021	1 July 2020	Charged/credited to Profit or Loss	Charged/credited to Directly to equity	Acquisition of subsidiary	30 June 2021
Sundry creditors and accruals	19,566	(11,994)	-	-	7,572
Provisions	54,793	107,268	-	-	162,061
Borrowing expenses	102	(102)	-	-	-
Share issue costs	33,000	(24,450)	27,950	-	36,500
Section 40-880 Deduction	94,165	(53,276)	-	-	40,889
Depreciation	13,343	(11,161)	-	-	2,182
Other	266,610	(149,244)	-	-	117,366
Tax Losses Carried Forward	983,634	648,202	-	-	1,631,836
Deferred tax asset not recognised	(1,465,213)	(505,243)	(27,950)	-	(1,998,406)
	-	-	-	-	-

Year ended June 2020	1 July 2019	Charged/credited to Profit or Loss	Charged/credited to Directly to equity	Acquisition of subsidiary	30 June 2020
Sundry creditors and accruals	20,585	(1,019)	-	-	19,566
Provisions	50,962	3,831	-	-	54,793
Borrowing expenses	352	(250)	-	-	102
Share issue costs	49,500	(16,500)	-	-	33,000
Section 40-880 Deduction	143,353	(49,188)	-	-	94,165
Depreciation	(3,263)	16,606	-	-	13,343
Other	-	266,610	-	-	266,610
Tax Losses	740,810	242,824	-	-	983,634
Deferred tax asset not recognised	(1,002,299)	(462,914)	-	-	(1,465,213)
	-	-	-	-	-

(e) Franking Credits

The Group does not hold franking credits as at 30 June 2021 or 30 June 2020.

6. EARNINGS/(LOSS) PER SHARE

		Consolidated 2021 Cents per Share	Consolidated 2020 Cents per Share
(a)	**Basic and diluted loss per share**		
	From continuing operations attributable to the ordinary equity holders of the company	(0.62)	(0.85)
	Total basic loss per share attributable to the ordinary equity holders of the company	(0.62)	(0.85)
(b)	**Reconciliation of earnings used in calculating loss per share**		
	Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	(3,021,747)	(3,705,235)

(c) Weighted average number of shares

	Consolidated 2021 No	Consolidated 2020 No
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	484,148,628	435,573,293

As at 30 June 2021, there are 15,854,256 (2020: 31,454,256) options outstanding. Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

7. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated 2021 $	Consolidated 2020 $
Audit and review of the financial reports	223,643	205,993
Taxation compliance services	68,540	30,181
Total remuneration of BDO	**292,183**	**236,174**

8. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	5,176,463	2,462,642
Reconciliation of cash		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to cash at the end of the financial year as follows:		
Cash at bank and on hand	5,176,463	2,462,642
Bank overdrafts		-
	5,176,463	**2,462,642**

9. CASH FLOW INFORMATION

	Consolidated 2021 $	Consolidated 2020 $
(a) Reconciliation of profit/(loss) after income tax to net cash used in operating activities		
Net loss for the year	(3,021,747)	(3,705,235)
Non-cash flows in profit/(loss):		
Expenses		
Depreciation and amortisation expense	290,051	212,680
Right of use asset depreciation	263,750	224,056
Share based payment expense	72,288	290,405
Other non-cash	78,611	-
Changes in assets and liabilities net of the effects of acquisitions of subsidiaries		
(Increase)/decrease in trade and other receivables	(256,786)	(7,892)
(Increase)/decrease in contract assets	209,999	(323,283)
(Increase)/decrease in inventory	561,514	(802,908)
(Increase)/decrease other assets	(1,156,167)	(18,243)
Increase/(decrease) in trade and other payables	(419,611)	611,521
Increase/(decrease) in provisions	(30,878)	492,401
Net cash used in operating activities	**(3,408,976)**	**(3,026,498)**

9. CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of cash and non-cash movements in borrowings from financing activities

Year ended 30 June 2021	Opening Balance	Cash flows	Non-cash Changes	Closing Balance
Borrowings and Lease liabilities (ii)	1,744,833	(667,149)	227,384	1,305,068
	1,744,833	**(667,149)**	**227,384**	**1,305,068**

Year ended 30 June 2020	Opening Balance	Cash flows	Non-cash Changes	Closing Balance
Borrowings and Lease liabilities (i)	1,324,667	287,666	132,500	1,744,833
	1,324,667	**287,666**	**132,500**	**1,744,833**

Non-cash financing activities above includes:

(i) The Company issued 3,333,333 shares to Adapt Capital Pty Ltd to convert an historical loan to SenSen for consideration of $500,000

(ii) Includes cash payments of lease liabilities of $252,848 and net borrowings of $414,301

10. TRADE AND OTHER RECEIVABLES

	Note	Consolidated 2021 $	Consolidated 2020 $
CURRENT			
Trade Receivables		1,000,489	743,703
Allowance for expected credit losses		(21,747)	-
		978,742	**743,703**
Other receivables – owing on sale of subsidiaries	(a)	-	7,982,767
Allowance for expected credit losses		-	(7,982,767)
		-	**-**
		978,742	**743,703**

The Group wrote off the fully-provided for gross balance of Other receivables of $7,206,918 at 30 June 2021 (2020: $7,982,767) as the balance is no longer expected to be recovered. There was no impact to the profit and loss to 30 June 2021.

(a) Deferred payment owing on sale of subsidiaries - PT Alam Duta Kalimantan (ADK) and PT Citra Bara Prima (CBP); and a sale of tenements B34 and Papua	Consolidated 2021 $	Consolidated 2020 $
Opening balance	7,982,767	7,938,876
Foreign exchange (loss) gain	(775,849)	43,891
Total	7,206,918	7,982,767
Write-off	(7,206,918)	-
Closing balance	-	-

NOTES TO THE FINANCIAL STATEMENTS

11. CONTRACT ASSETS

	Consolidated 2021 $	Consolidated 2020 $
Contract Assets		
Customer Contracts – In Progress	348,170	558,169
Allowance for expected credit loss	-	-
	348,170	**558,169**

Contract assets have increased as the group has provided more services ahead of the agreed payment schedules for fixed-price contracts.

12. INVENTORY

	Consolidated 2021 $	Consolidated 2020 $
Inventory		
Hardware – at cost	160,584	495,054
Raw Materials – at cost	337,642	307,854
Provision for inventory	(256,832)	**-**
	241,394	**802,908**

The amount of inventories recognised as an expense during the year ended 30 June 2021 was $304,682 (2020: $126,356), while the amount of inventories expensed as a write down during the year ended 30 June 2021 was $256,832 (nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles $	Furniture & Equipment $	Computer Equipment $	Total $
30 June 2020				
Opening net book value	93,746	13,013	367,446	**474,205**
Additions/disposals	(60,043)	-	160,039	**99,996**
Other movements	-	-	(8,610)	**(8,610)**
Depreciation and amortisation	(15,205)	(1,645)	(195,830)	**(212,680)**
Balance at 30 June 2020	18,498	11,368	323,045	**352,911**
At 30 June 2020				
Cost	37,880	46,460	719,727	**804,067**
Accumulated depreciation	(19,382)	(35,092)	(396,682)	**(451,156)**
Net book balance	18,498	11,368	323,045	**352,911**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor Vehicles $	Furniture & Equipment $	Computer Equipment $	Total $
30 June 2021				
Opening net book value	18,498	11,368	323,045	**352,911**
Additions/disposals	29,668	982	221,904	**252,554**
Other movements	9,772	-	(17,699)	**(7,927)**
Depreciation and amortisation	(13,864)	(1,931)	(190,923)	**(206,718)**
Balance at 30 June 2021	44,074	10,419	336,327	**390,820**
At 30 June 2021				
Cost	67,547	46,690	830,550	**944,787**
Accumulated depreciation	(23,473)	(36,271)	(494,223)	**(553,967)**
Net book balance	44,074	10,419	336,327	**390,820**

14. INTANGIBLE ASSETS

	Patents $	Goodwill $	Total $
30 June 2021			
Opening net book value	-	-	**-**
Additions	1,000,000	383,399	**1,383,399**
Other movements	-	-	**-**
Depreciation and amortisation	(83,333)	-	**(83,333)**
Balance at 30 June 2021	**916,667**	383,399	**1,300,066**
At 30 June 2021			
Cost	1,000,000	383,399	**1,383,399**
Accumulated amortisation	(83,333)	-	**(83,333)**
Net book balance	**916,667**	383,399	**1,300,066**

Impairment test for goodwill

Goodwill is monitored by management at the lowest cash-generating unit level, being that of Snap Network Surveillance Pty Ltd. The goodwill is therefore entirely allocated to this cash-generating unit.

The Group tests whether the goodwill has suffered any impairment on an annual basis. For the 2021 reporting period, the recoverable amount of the cash-generating unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated long term growth rate attached to consumer price indexation (CPI), estimated at 3% as at 30 June 2021. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The value-in-use calculations are discounted to their net present value using a pre-tax discount rate, reflecting specific risks relating to the relevant segments and the countries in which the cash-generating unit operates. As at 30 June 2021, the Group has applied a pre-tax discount rate of 18.82%.

Impairment of possible changes in key assumptions

The budgeted cash flows within the five year forecast period would have to decrease by 26.5% per annum from forecast levels in order for a material impairment expense to arise at 30 June 2021. Separately, the pre-tax discount rate applied to the cash flow projections of the cash-generating unit would need to be 60% higher (i.e. 30.11%) than managements estimate (18.82%) in order for a material impairment expense to arise at 30 June 2021.

Management do not consider these reasonably possible changes, and as such, no impairment expense on the cash-generating units carrying value is recognised at 30 June 2021.

15. LEASES

	Consolidated	
	2021	2020
	$	$
Amounts recognised in the consolidated statement of financial position:		
Right-of-use assets		
Buildings	382,405	343,957
Vehicles	26,697	42,715
	409,102	**386,672**
Lease liabilities		
Current	305,659	234,878
Non-current	138,129	197,288
	443,788	**432,166**

Additions to the right-of-use assets during the 2021 financial year were $284,736 (2020: $734,440).

Amounts recognised the consolidated statement of profit or loss and other comprehensive income:		
Depreciation charge – right-of-use assets	263,773	224,056
Interest expense – lease liabilities	26,650	39,477
	290,423	**263,533**

The total cash outflow for leases in 2021 was $252,848 (2020: $220,531).

16. TRADE AND OTHER PAYABLES

	Consolidated	
	2021	**2021**
	$	**$**
Current		
Trade payables	750,357	1,094,691
Accruals and other payables	937,057	119,935
Employee benefits	263,687	321,868
Contract liabilities*	521,874	1,399,926
	2,472,975	**2,936,420**
Non-Current		
Employee benefits	105,983	78,680
	105,983	**78,680**

* Of the opening balance of $1,399,926, $1,313,000 has been recognised as revenue in the 2021 financial year, offset by $434,948 in additions during the 2021 financial year.

17. BORROWINGS

		Consolidated	
		2021	**2020**
		$	**$**
(a)	Loans from related parties – unsecured	**-**	400,101
(b)	Bank and other Loans	861,280	912,666
Total Current Borrowings		**861,280**	**1,312,667**

a) A loan facility of $500,000 was agreed with Subhash Challa and related parties in June 2019. $400,101 of this facility was drawn down at 30 June 2020, and the balance was repaid in full by 30 June 2021.

A shareholder, Adapt Capital Pty Ltd extended a loan to the Company with no interest payable. On 12 December 2019, the Company issued 3,333,333 shares to Adapt Capital Pty Ltd to convert this historical loan to SenSen for consideration of $500,000. The fair value of the shares issued is $366,667, thus, this resulted in a gain of $133,333 recognised as other income in the consolidated statement of profit or loss and other comprehensive income.

b) 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 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% is charged. This loan is expected to be paid back in full through a Research and Development grant via the Company's tax return for 30 June 2021. The loan is secured over the Research and Development refund. A general security deed is held by Rocking Horse Nominees Pty Ltd.

18. ISSUED CAPITAL

		Consolidated	
		2021	**2020**
	Note	**$**	**$**
Ordinary shares	(a)	41,649,827	33,159,693

(a) Share capital movement during the period

	Consolidated			
	2021		**2020**	
	No.	**$**	**No.**	**$**
Balance at beginning of the reporting period	447,236,086	33,159,693	418,554,418	29,463,614
Shares issued during the year (i)	70,922,146	8,597,634	25,348,335	3,329,412
Share Issue Costs	-	(107,500)	-	-
Historical Loan Conversion to Equity (ii)	-	-	3,333,333	366,667
Balance at end of period	**518,158,232**	**41,649,827**	**447,236,086**	**33,159,693**

18. ISSUED CAPITAL (CONTINUED)

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

2021 financial year

SenSen issued the following shares in the financial year ended 30 June 2021:

- Employee Incentive Plan
  - 3,371,052 shares on 23 July 2020. The expense in relation to this share issue was expensed as part of the share based payments in the 2020 financial year.
- Snap Surveillance
  - 9,881,423 shares on 1 December 2020 as part of the consideration, based on the published share price on 1 December 2020 of $0.14 per share. There are 4,940,712 shares still under escrow at 30 June 2021. Refer to Note 21 for details on the Business Combination transaction.
- External Advisors
  - 263,158 shares on 1 December 2020 at $0.095 per share. The share price on transaction date was $0.14 per share. The difference between the value of the equity granted and the share price is accounted for as an expense in the consolidated statement of profit or loss and other comprehensive income.
  - 101,250 shares on 21 December 2020 at $0.05 per share. The share price on transaction date was $0.125 per share. The difference between the value of the equity granted and the share price is accounted for as an expense in the consolidated statement of profit or loss and other comprehensive income.
- Contractor/Employee
  - 105,263 shares on 1 December 2020 at $0.095 per share. The share price on transaction date was $0.14. The difference between the value of the equity granted and the share price is accounted for as an expense in the consolidated statement of profit or loss and other comprehensive income.
- Private Placement:
  - 57,200,000 shares in January 2021, as part of an $7,150,000 placement to private and institutional investors, equal to approximately 11% of the total post-placement issued shares of SenSen. The placement was conducted at $0.125 cents per share, a discount of 9.29% to the 30-day Volume Weighted Average Price (VWAP) of SenSen shares.

2020 financial year

SenSen issued 3,153,235 shares to directors and staff members as part of the company's Long-Term Incentive scheme on 8 August 2019.

Furthermore, under the private placement agreement with Angel Japan Co., Ltd., an additional 22,195,100 shares were issued, equal to approximately 4.99% of the total Post-placement issued shares of SenSen for nominal consideration of $3,329,265. At or about the same time SenSen also entered into a distribution agreement with the same counterparty (this distribution agreement was terminated on 30 June 2020). SenSen has accounted for these two contracts separately on the basis that they did not meet the criteria for combining contracts specified in AASB 15 Revenue from Contracts with Customers.

On 12 December 2019, SenSen issued 3,333,333 shares to Adapt Capital Pty Ltd (formerly Speedshield Holdings Pty Ltd) to convert a historical loan to SenSen at a consideration of $500,000. The fair value of the shares issued is $366,667, thus, this resulted in a gain of $133,333.

(d) Capital Management

Management controls the capital of the group in order to provide capital growth to shareholders and ensure the group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market.
There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

19. RESERVES

		Consolidated 2021 $	Consolidated 2020 $
(a)	**Other Reserves**		
	Share-based payment reserve	3,669,759	3,597,471
	Foreign currency translation reserve	(72,424)	(115,751)
		3,597,335	**3,481,720**
(b)	**Movements**		
	Foreign exchange translation reserve		
	Balance at beginning of financial year	(115,751)	(96,437)
	Currency translation differences arising during the year	43,327	(19,314)
	Balance at end of financial year	**(72,424)**	**(115,751)**
	Share-based payment reserve		
	Balance at beginning of financial year	3,597,471	3,307,066
	Share-based payment valuation of awards	72,288	290,405
	Balance at end of financial year	**3,669,759**	**3,597,471**

(c) Nature and purpose of reserves

(i) Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to employees, including key management personnel, as part of their remuneration.

(ii) ***Foreign exchange translation reserve***

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

20. CONTINGENT LIABILITIES

The Group had no known contingencies at 30 June 2021 and 30 June 2020.

21. BUSINESS COMBINATIONS

On 1 December 2020, SenSen networks Limited completed a business combination transaction, acquiring the business of Snap Network Surveillance Pty Ltd, a software company. The acquisition has significantly increased the Group's market share in this industry and compliments the Group's existing software division.

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

	$
Purchase consideration, consisting of:	
Ordinary shares issued	1,383,399
Total purchase consideration	**1,383,399**

The fair value of the 9,881,423 shares issued as part of the consideration paid for Snap Network Surveillance Pty Ltd was based on the published share price on 1 December 2020 of $0.14 per share.

The assets and liabilities recognised as a result of the acquisition are as follows	
Net identifiable assets acquired	-
Add: acquired intangible assets (patents)	1,000,000
Add: intangible asset (goodwill)	383,399
Net assets acquired	**1,383,399**

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

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition costs expensed in the consolidated statement of profit or loss and other comprehensive income as part of the business combination included:

- 263,158 shares granted to external advisors at $0.14 cents per share (included within note 18); and
- $25,000 cash payment to external advisors.

Post-acquisition, Snap Network Surveillance has not contributed any material amounts to the Group's revenue and net loss after tax. If the acquisition was completed on 1 July 2020, there would be no material change to the Group's revenue or net loss for the year ended 30 June 2021.

At 30 June 2021, the Company amortised $83,333 of expense against the acquired intangible asset of $1,000,000 resulting in a net balance of $916,667.

22. RELATED PARTY TRANSACTIONS

(a) Shareholder Loan

On 12 December 2019, SenSen issued 3,333,333 shares to Adapt Capital Pty Ltd (formerly Speedshield Holdings Pty Ltd) to convert a historical loan to SenSen at a consideration of $500,000. No interest was charged on this loan.

A loan facility of $500,000 was agreed with Subhash Challa and related parties in June 2019. Loans outstanding from this facility as at 30 June 2021 amounted to $nil (2020: $400,101). The loan was repaid in full in January 2021. Interest was payable on this loan at the rate of 4.95% per annum. In additional to the loan, interest payable for the year amounted to $24,248 (2020: $18,948).

23. EVENTS AFTER THE REPORTING PERIOD

On 26 May 2021, SenSen Networks Limited announced the acquisition of Scancam Industries Pty Ltd, acquiring 100% of the issued share capital. At this date, the transaction was still subject to SenSen's General Meeting to approve the issue of non-cash consideration shares to be issued as part of this transaction.

On 15 July 2021, SenSen Networks Limited held its General Meeting, approving the quotation of 39,825,715 shares to be issued as part of the business combination detailed above. Following this, on 21 July 2021, SenSen Networks Limited successfully completed the acquisition of Scancam Industries Pty Ltd, representing a significant event after the reporting period.

Details of the provisional purchase consideration and the provisionally determined fair values of the assets and liabilities of Scancam Industries Pty Ltd as at the date of acquisition are as follows:

	$
Purchase consideration, consisting of:	
Completion cash payment	1,000,000
Non-cash consideration shares	5,500,000
Provisionally determined deferred & contingent consideration	4,163,380
Total purchase consideration	**10,663,380**

The fair value of the 39,825,715 shares issued as part of the consideration paid for Scancam Industries Pty Ltd was based on the published share price on 21 July 2021 of $0.13 per share. At the time of preparing this annual report, a purchase price allocation review of the net assets of Scancam Industries Pty Ltd has not yet been performed.

Provisional assets and liabilities at date of acquisition are as follows:	
Cash and cash equivalents	116,701
Property, plant and equipment	194,648
Inventories	50,000
Receivables	406,618
Payables	(251,464)
Other assets	82,386
Net identifiable assets acquired	**598,889**
Add: acquired intangible assets (patents)	25,004
Add: provisionally determined goodwill and intangible assets	10,039,487
Net assets acquired	**10,663,380**

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

$87,486 acquisition costs were expensed in the current year consolidated statement of profit or loss and other comprehensive income as part of this business combination.

Deferred and contingent consideration

Deferred Consideration: Payable in either cash or ordinary shares in SenSen (in the absolute discretion of the SenSen Board), up to a maximum of A$4,163,380 over two payments, should the audited Business Annual Recurring Revenue (ARR) of the Scancam business reach A$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.

Information not yet available

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Scancam Industries Pty Ltd. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected the groups' operations, results or state of affairs, or may do so in future years.

NOTES TO THE FINANCIAL STATEMENTS

24. INTEREST IN SUBSIDIARIES

The following are subsidiaries of the group, are controlled entities and have been consolidated at 30 June 2021.

(a) Controlled entities consolidated

Name of subsidiary	Country of incorporation	Equity interest* 2021	2020
SenSen Networks Group Pty Ltd	Australia	100%	100%
SenSen Networks Operations Pty Ltd*	Australia	100%	-
SenSen Networks Gaming Pty Ltd**	Australia	100%	-
SenSen Networks (Hong Kong) Limited	Hong Kong	100%	100%
PT Orpheus Energy	Indonesia	100%	100%
SenSen Networks Singapore Pte Limited	Singapore	100%	100%
SenSen Video Business Intelligence PVT Ltd	India	100%	100%
SenSen Networks, Inc.	United States	100%	100%

* SenSen Networks Operations Pty Ltd was incorporated by SenSen Networks on 12 October 2020.
** SenSen Networks Gaming Pty Ltd was incorporated by SenSen Networks on 12 October 2020.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel compensation

	Consolidated 2021 $	2020 $
Short-term employee benefits	1,021,206	884,987
Post-employment benefits	96,413	90,577
Share-based payments	50,000	206,734
	1,167,619	1,182,298

Detailed remuneration disclosures are provided in the Remuneration Report on pages 45 to 53.

(b) Equity instrument disclosures relating to Key Management Personnel compensation

Details of Key Management Personnel option and share holdings are disclosed in the Remuneration Report.

26. SHARE BASED PAYMENTS

The following ordinary shares were issued as part of compensation to key management personnel during the year ended 30 June 2021, 30 June 2020. No options over ordinary shares were issued as part of compensation to key management personnel during the year ended 30 June 2020 or 30 June 2021.

a) Long Term Incentive Plan

The establishment of the SenSen Long Term Incentive Plan (“the Plan”) was approved by shareholders at the 2017 annual general meeting (AGM) and is detailed on the Company’s website. The Plan is designed to provide long-term incentives for employees including directors to deliver long-term shareholder returns.

Under the Plan, participants may be granted shares and options for nil consideration. Options only vest if certain performance standards are met. Participation in the Plan is at the Board’s discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

b) Long Term Incentive Shares (LTI shares)

2021
SenSen’s Long-Term Incentive Plan (“The Plan”) was approved by shareholders at the 2021 extraordinary general meeting (EGM). The Plan is designed to provide long-term incentives for employees including directors, to deliver long-term shareholder returns. There were no options or shares granted in the 2021 financial year under the Long-Term incentive plan.

2020
On 8 August 2019, 3,153,235 shares were issued under the Long-Term incentive Plan.
205,714 LTI shares were granted to J Cook on 29 January 2020. There were no performance conditions attached to this grant. The fair value on grant date was $0.11.

c) Long Term Incentive ("LTI") Options

The company issued both LTI Incentive Options, General Options and LTI Performance Options during the year ended 30 June 2018. There were no further issues during the year ended 30 June 2020 or 30 June 2021.

LTI Incentive Options and General Options

On 30 November 2017, the Company granted 11,100,000 LTI Incentive Options to Subhash Challa (Executive Chairman and CEO) and David Smith (COO) and 4,500,000 General Options to its broker, BW Equities. These options vested immediately and have an exercise period of 3 years. These options were granted in 3 equal lots with exercise prices of 25 cents, 35 cents and 45 cents.

Share options outstanding at the end of the year follows:

2021

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other (ii)	Balance at the end of the year
30/11/2017	04/12/2020	$0.25	5,200,000	-	-	(5,200,000)	-
30/11/2017	04/12/2020	$0.35	5,200,000	-	-	(5,200,000)	-
30/11/2017	04/12/2020	$0.45	5,200,000	-	-	(5,200,000)	-
20/03/2018	30/09/2021	$0.155 (i)	15,854,256	-	-	-	15,854,256
			31,454,256	**-**	**-**	**(15,600,000)**	**15,854,256**

2020

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ Other (ii)	Balance at the end of the year
30/11/2017	04/12/2020	$0.25	5,200,000	-	-	-	5,200,000
30/11/2017	04/12/2020	$0.35	5,200,000	-	-	-	5,200,000
30/11/2017	04/12/2020	$0.45	5,200,000	-	-	-	5,200,000
20/03/2018	30/09/2021	$0.155 (i)	15,854,256	-	-	-	15,854,256
			31,454,256	-	-	-	**31,454,256**

(i) Exercise price is based on estimated 5-day VWAP of the Company's shares, following the ASX release of the Company's Annual Report, for the financial year ended 30 June 2018.
(ii) Option expired during the financial year.

There were no LTI options granted during the year ended 30 June 2021. There were 15,600,000 options that expired during the year-ended 30 June 2021.

The weighted average remaining contractual life of options outstanding at the end of the 2021 financial year is approximately 0.3 years (2020: 0.8 years). The weighted average exercise price was $0.25.

The total expense arising from share-based payment transactions recognised during the period as part of employee benefits expense was $72,288 (2020: $290,405).

27. PARENT ENTITY INFORMATION

Parent entity information required to be disclosed in accordance with the *Corporations Act 2001*. The legal parent entity of the group is SenSen Networks Limited, and the results shown below are for the 12 months ended 30 June 2021 and 2020:

(a) Summary financial information

	Parent entity	
	2021	**2020**
	$	**$**
Statement of profit or loss and other comprehensive income		
Loss for the year	(180)	(60)
Other comprehensive income		-
Total comprehensive loss for the year	(180)	(60)
Statement of financial position of the parent entity at year end		
Current assets	3,892	4,072
Non-current assets	-	-
Total assets	**3,892**	**4,072**
Current liabilities	-	-
Non-current liabilities	939,248	939,248
Total liabilities	**939,248**	**939,248**
Net assets	**(935,356)**	**(935,176)**
Issued capital	40,322,041	40,322,041
Accumulated losses	(41,257,397)	(41,257,217)
Total equity	**(935,356)**	**(935,176)**

During a prior year, the Group assessed the recoverability of its historic intercompany loan balances and agreed to make a full provision against these amounts in the Parent Entity as they are unlikely to be repaid. However, these are inter-company balances only and as such the financial impact on the Group is $nil. The loss in the parent entity shown above is fully eliminated in the consolidated statement of profit or loss and other comprehensive income.

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees at the 30 June 2021 and 30 June 2020.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 and 30 June 2020.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at the 30 June 2021, the parent entity has made no contractual commitments for the acquisition of plant or equipment.

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for the investments in subsidiaries which are accounted for at cost in the financial statements of SenSen Networks Limited.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	Consolidated	
	2021	2020
	$	$
Financial assets		
Cash and cash equivalents	5,176,463	2,462,642
Trade and other receivables	978,742	743,703
Contract assets	348,170	558,169
	6,503,375	**3,764,514**
Financial liabilities		
Trade payables	750,357	1,094,691
Short term loans	861,280	1,312,767
	1,611,637	**2,407,458**

The Company monitors its exposure to key financial risks, principally market risk (including currency risk), interest risk, credit risk and liquidity risk, with the objective of achieving the company's financial targets whilst protecting future financial security.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk and credit risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts and regular internal reporting. Credit risks are managed by credit limits and retention of the title over the investments sold.

The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with the Board. It reviews and agrees policies for managing each of the risks, including the use of derivatives, hedging cover of interest rate exposure, credit allowances, and future cash flow forecast projections.

(a) Market Risk

Foreign exchange risk

Exchange Risk arises whereby currency exchange rates may affect the assets and liabilities and the consolidation of companies within the group.

The company reports in Australian Dollars; the operating currency for Indian subsidiary is the IR, and the operating currency for both of the US and the Singapore subsidiaries is US$.

(b) Interest Risk

The Group's borrowings during 2020 from Speedshield Holdings were not liable to interest.

The company has a business loan facility of $450,000 and an undrawn overdraft facility of $225,000 with the Commonwealth Bank of Australia. Interest is charged at a variable rate of 4.95% on the business loan.

Group sensitivity

At 30 June 2021 if interest rates had increased/decreased by 50 basis points from the year end rates with all other variables held constant, the result would not be material at $4,306. (2020: $6,564)

Based on movements in interest rates the company regularly reviews the deployment of funds and the exposure to interest rate risk in conjunction with currency and exchange rate risk in order to manage these risks in line with corporate objectives.

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from other third parties, investments, banks and financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. A general security deed is held by Rocking Horse Nominees Pty Ltd at 30 June 2021 Credit risk is reviewed regularly by the Board.

The Group has a material credit risk exposure related to a deferred payment owing on sale of subsidiaries - PT Alam Duta Kalimantan (ADK) and PT Citra Bara Prima (CBP) and a sale of tenements B34 and Papua . However, the Board has resolved to make a provision for expected credit losses of the amounts owing to the sale of subsidiaries as payment has not been received in accordance with the Settlement Agreement. Under the Settlement Agreement with Nugroho Suksmanto, the total receivable was IDR 70 billion Rupiah plus interest of IDR 8.75 billion Rupiah (total of 78.75 billion Rupiah or $6.8 million) which remained unpaid. Although the Company continues to pursue the debt, the Board has resolved during the current financial year to write off the amounts owing on the sale of subsidiaries as payment has not been received in accordance with the settlement agreement. As disclosed in Note 10, the Group has written off the balance previously held and provided for during the current financial year.

The Group does not have any other material credit risk exposure to any single counterparty, except for its holdings of cash which is held with the Commonwealth Bank, National Australia Bank and Bank of America.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Approach to determining expected credit losses

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to the Group's right to consideration for performance complete to date before payment is due and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical payment profiles. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables including consideration of the uncertain economic environment arising from the COVID-19 pandemic.

For the year ended 30 June 2021, the Group has considered whether the expected loss rates are required to be increased due to the uncertain economic environment arising from the COVID-19 pandemic.

The Group has identified the GDP, country specific unemployment rates and the outlook for customer industries as the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. The Group has assessed that there is no material credit loss exposure on trade receivables and contract assets.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Trade and other receivables

The Group limits its exposure to credit risk by only limiting transactions with high credit quality financial institutions principally government bodies and large listed corporate firms.

(d) Liquidity Risk

The table below reflects all contractually fixed payoffs and receivables for settlement from recognised financial assets and liabilities, as of 30 June 2021. The amounts disclosed are undiscounted cash flows anticipated to eventuate in the next fiscal year.

Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021.

	Total	< 6 Mths	6-12 Mths	1-5 Yrs
2021	**$**	**$**	**$**	**$**
Financial assets				
Cash and cash deposits	5,176,463	5,176,463	-	-
Trade and other receivables	978,742	978,742	-	-
Contract assets	348,170	348,170	-	-
	6,503,375	**6,503,375**	**-**	**-**
Financial liabilities				
Trade and other payables	750,357	750,357	-	-
Short term loans	861,280	861,280	-	-
Lease liabilities	443,788	160,576	148,970	134,242
	2,055,425	**1,772,213**	**148,970**	**134,242**
Net maturity	**4,447,950**	**4,731,162**	**(148,970)**	**(134,242)**

	Total	< 6 Mths	6-12 Mths	1-5 Yrs
2020	**$**	**$**	**$**	**$**
Financial assets				
Cash and cash deposits	2,462,642	2,462,642	-	-
Trade and other receivables	743,703	743,703	-	-
Contract assets	558,169	558,169	-	-
	3,764,514	**3,764,514**	**-**	**-**
Financial liabilities				
Trade and other payables	1,094,691	1,094,691	-	-
Short term loans	1,339,842	1,339,842	-	-
Lease liabilities	468,274	142,661	114,751	210,862
Net maturity	**2,902,807**	**2,577,194**	**114,751**	**210,862**

The contractual maturities of the company's financial assets and liabilities set out in the table are equivalent to the maturity analysis of financial assets and liability based on management's expectation.

The risk implied from the values in the table reflects a balanced view of cash inflows and outflows.

(e) Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements, and unless specifically stated, carrying value approximates fair value for all financial instruments.

DIRECTORS' DECLARATION

Directors' Declaration

In accordance with a resolution of the Directors of SenSen Networks Limited, the Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 38-89:

    (a) comply with Australian Accounting Standards and interpretations, and *Corporations Act 2001* and *Corporations Reg* which confirms compliance with International Financial Reporting Standards (IFRS) as issued by the Internation Standards Board; and
    (b) give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial that date;

2. in the Directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and whe due and payable; and

3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Ex and Chief Financial Officer.

Subhash Challa
Chairman
Dated: 20 September 2021

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of SenSen Networks Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SenSen Networks Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

Key audit matter	*How the matter was addressed in our audit*
The Group's revenue recognition disclosures are included in Note 1 (c), detailing the accounting policies applied under AASB 15 *Revenue from Contracts with Customers*. The assessment of revenue recognition was significant to our audit due to revenue being a material balance in the financial statements for the year ended 30 June 2021, and there being a level of complexity to the contracts regarding performance obligations, and revenue being recognised either over time or at a point in time. The recognition of revenue largely depends on the terms of the underlying contracts with customers. Contracts can be complex and bespoke. In particular, significant judgement and estimation are required by the Group in determining the amount of revenue recognised for licences and other multiple obligation customer contracts, and the timing of when this revenue is recognised. The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: • Assessing the Group's revenue recognition policy for compliance with Australian Accounting Standards • Developing an understanding of the various revenue streams and the Group's revenue recognition policies for each stream through discussions with management • Reviewing a sample of key customer contracts for each revenue stream with multiple obligations to determine whether revenue was recognised in accordance with the Group's accounting policies and the requirements of the Australian Accounting Standards • Testing a sample of revenue transactions and reviewing the terms and conditions of the executed contracts and other supporting evidence to ensure that the accounting treatment had been correctly applied, including evaluating whether performance obligations had been met and revenue had been recognised in the correct period • Performing a detailed analysis of revenue and the timing of its recognition based on expectations derived from our knowledge of the Group's products and the markets it operates in.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 45 to 53 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of SenSen Networks Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

TMann

T R Mann
Director

Brisbane, 20 September 2021

ASX Additional Information (Unaudited)

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 10 September 2021.

(a) Distribution of equity securities

There are 557,443,947 fully paid ordinary shares held by 2,282 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The numbers of shareholders, by size of holding, in each class are:

Holdings Ranges	Holders	Total Units	%
1-1,000	157	68,527	0.01
1,001-5,000	574	1,717,558	0.31
5,001-10,000	322	2,569,529	0.46
10,001-100,000	812	33,144,232	5.95
100,001 over	417	519,944,101	93.27
Totals	**2,282**	**557,443,947**	**100**
Holding less than a marketable parcel	556	982,506	

(b) Substantial shareholders

Name	Number	Percentage
Smart Equity EIS Pty Ltd	133,686,286	23.98%
Mr Subhash Challa	80,217,828	14.39%
Zenon Pasieczny/Saphet Capital Management Pty Ltd	46,876,258	8.41%
HSBC Custody Nominees (Australia) Limited – A/C 2	40,151,236	7.20%
Adaptalift Investments Pty Ltd	32,332,599	5.80%

ASX Additional Information (Unaudited)

(c) Twenty largest holders of quoted equity securities

	Ordinary shareholders	Fully Paid Number	Percentage
1.	SMARTEQUITY EIS PTY LTD	133,686,286	23.98
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	40,151,236	7.20
3.	ADAPTALIFT INVESTMENTS PTY LTD	32,332,599	5.80
4.	MR SUBHASH CHALLA	28,778,002	5.16
5.	SAPHET CAPITAL MANAGEMENT PTY LTD	22,262,395	3.99
6.	AA & J SCHMIDT HOLDINGS PTY LTD	10,650,987	1.91
7.	MR FRANCIS ALAN ALEXANDER WHITAKER	10,648,750	1.91
8.	SNAP NETWORK SURVEILLANCE PTY LTD	9,881,423	1.77
9.	ME BYRNE INVESTMENTS PTY LTD	9,396,755	1.69
10.	MR WILLIAM MORAN	9,232,976	1.66
11.	BNP PARIBAS NOMINEES PTY LTD	7,709,689	1.38
12.	MR SATISH GUPTA	6,874,701	1.23
13.	SANDHURST TRUSTEES LTD	5,999,906	1.08
14.	GASMERE PTY LTD	5,566,000	1.00
15.	CITICORP NOMINEES PTY LIMITED	5,108,808	0.92
16.	MR DAVID EDWARD SMITH	5,050,654	0.91
17.	EXXTEN PTY LTD <C&T MITCHELL FAMILY A/C>	5,043,895	0.90
18.	MR VENKATESWARA PRASAD GUNUPATI	4,822,335	0.87
19.	MRS LAXMI CHALLA	4,438,088	0.80
20.	MR DAVID EDWARD SMITH	2,297,193	0.41
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	**359,932,678**	**64.57**
	Total Remaining Holders Balance	**197,511,269**	**35.43**

UNQUOTED SECURITIES

There are no unquoted securities at 30 June 2021.