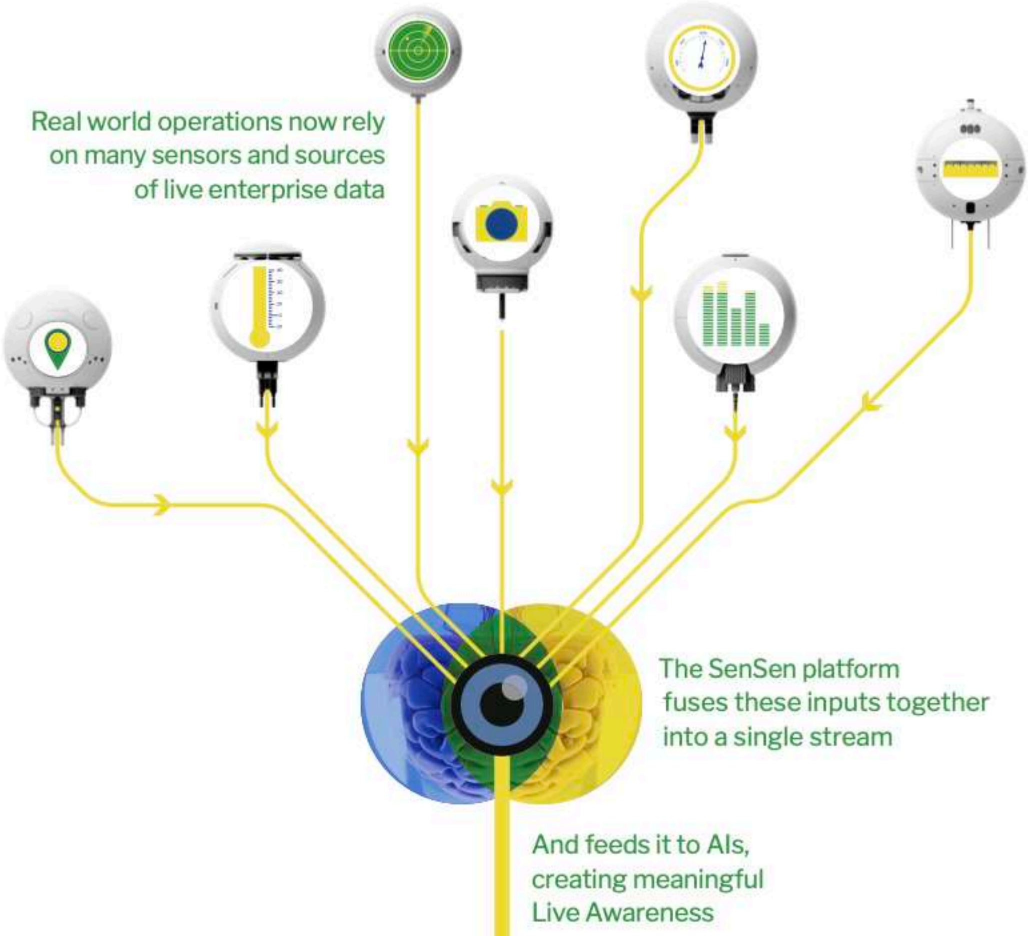
SenSen Networks Ltd
Annual Report
for the year ended 30 June 2023



SenSen Networks Limited and

Controlled Entities

ABN 67 121 257 412

sensen.ai
the Live Awareness platform

CORPORATE INFORMATION

SenSen Networks Limited

ACN 121257412

Directors
Dr Subhash Challa, Executive Chairman
Mr Zenon Pasieczny, Non-Executive Director
Mr David Smith, Executive Director

Company Secretary
Mr David Smith

Chief Financial Officer
Mr Christian Stevens

Registered Office and Principal Place of Business
2/570 City Road,
South Melbourne, VIC 3205
Telephone: +61 3 9417 5368

Share Register
Automic Pty Limited
Level 5, 126 Phillip Street
Sydney NSW 2000

Australia:	1300 288 664
Overseas callers:	+61 2 8072 1400
Internet:	www.automicgroup.com.au

Stock Exchange Listing
SenSen Networks Limited shares are listed on the Australian Securities Exchange (ASX Code: SNS).

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,

A heartfelt welcome to both our new and existing shareholders as you delve into our Annual Report for the financial year 2023. Our primary emphasis this year was on cost reduction coupled with revenue growth. I extend my congratulations to our dedicated team for accomplishing another year of remarkable revenue growth, surpassing the $10 million revenue milestone for the first time in our journey.

As detailed in multiple quarterly reports leading up to the conclusion of FY23, we have undertaken a series of initiatives throughout the year to revamp the company's structure and streamline operations, encompassing HR, IT, travel, and project delivery, all while preserving our growth trajectory. In alignment with this directive, we expanded our portfolio of government and enterprise clients from approximately 60 in FY22 to over 75 in FY23, simultaneously achieving a reduction of 40% in year-over-year losses. Through a range of strategic endeavors, we have generated robust momentum to sustain our acquisition of new customer logos, with the goal of surpassing 100 customers and optimizing revenue growth without incurring additional costs, ultimately targeting profitability in FY2024.

Here are the key highlights for FY23:

- The company achieved a key milestone with record-breaking revenues of $10.8 million, marking an impressive 18% year-over-year growth. Additionally, annual customer cash receipts exceeded $11.1 million, reflecting an outstanding 25% year-over-year growth.
- A substantial portion of these revenues consists of annual recurring income derived from our government and enterprise customers, boasting minimal churn. This ensures robust cash flow stability for the company in FY24.
- We expanded our government and enterprise customer base from 60 to 75, delivering a remarkable 25% growth in the acquisition of new customer logos.
- Our customer net retention rate for FY23 approached 100%, indicating minimal churn and emphasizing the value we provide to our customers, as well as their positive experiences with our offerings.
- Long-term cost optimization initiatives have positioned the company for sustainable growth with profitability.
- Significant investments were made in R&D to enhance the ease of product delivery, commissioning, and scalability, with a strong focus on reducing project execution times and enhancing predictability in delivery timelines.
- Numerous stakeholders have stepped up to offer input aimed at enhancing the company's performance, and among the recurring suggestions we've received is the need to enhance shareholder communication and marketing efforts. In response, we've initiated several steps to tackle this issue.
- One of the key initiatives related to shareholder communications and marketing, is the collaboration with Edison Research. Our executive has worked close with the Edison research group to clearly identify and articulate the unique aspects of our platform and clarify our position within the AI landscape. This resulted in several key outcomes
    - Identification and articulation that we are a leader in a special class of AI – Live Awareness AI.
    - Providing customers with Live (real-time) Awareness of all that is happening within the physical world in real-time is an essential function of the drive towards making AI more capable, ultimately allowing for greater decision-making powers and autonomy.
    - While we created Live Awareness on a product-by-product basis, we strategically used the work being produced to develop the only platform which can fuse multiple real time data sources of any type into a single stream of Live Awareness for AIs, allowing our team to build better, more performant services on top.

  - This platform is already commercialized through a range of live awareness solutions and in intensive daily use by cities, casinos, airports and fuel retail stores globally.
- In FY23, the Live Awareness AI platform is adopted to several new use cases generating new upfront and recurring revenue streams including:
  - Sea Port Operations to improve safety around containers and on roads. Singapore Port Authority has adopted these high-end solutions to improve safety around port operations.
  - School zone safety at drop off and pick up times. Sunshine coast city council in Queensland Australia has pioneered the use of this new use case to deliver safety around schools and no-stopping zones around the city.
  - On-street Asset mapping to help cities cost effectively capture asset inventory and use it to manage curbside assets and improve the management of the curb. Toronto Parking Authority, University of British Columbia and several cities in Australia became the latest cities to use this technology to create asset maps and manage their curbside.
  - Heavy vehicle enforcement in city streets to improve safety on roads. Hills shire council, Ipswich city council and others have adopted our solar powered, rapidly deployable AI systems to enforce heavy vehicle movement restrictions in their suburbs.
  - Our flag ship product – SenFORCE Mobile Enforcement – set new benchmarks in performance with the introduction of AI Co-Pilot to assist parking enforcement officers with complete end-to-end automation of enforcement operations including voice controls to initiate and complete the mobile parking enforcement operations.
- Through the course of FY23, SenSen has been served with Federal Court of Australia proceedings by the solicitors for Angel Group Co., Ltd and Angel Australasia Pty Ltd (Angel) and similar proceedings were served in Philippines whereby it is alleged that SenSen has infringed some of Angel's patent claims. SenSen is vigorously defending these proceedings and working with its lawyers to bring crossclaims against Angel to claim relief for unjustified threats of patent infringement and invalidity of the Angel patents in suit. The gaming business is a small part of SenSen's overall business, currently contributing less than 10% of revenue. The costs for our legal defense are covered under SenSen's IP insurance.

I extend my gratitude to SenSen's shareholders for their ongoing support and faith in our Company. I also express my appreciation to my fellow Board members for their valuable contributions throughout the year, and to our dedicated staff and management for their diligent efforts in achieving another remarkable financial performance for FY 2023. What sets this achievement apart is the evident success in fostering growth while managing costs effectively, thereby establishing a solid foundation for profitability in FY24 and beyond.

I am eager to continue leading our company and to keep our shareholders informed of our progress as we advance towards realizing our strategy of growth with profitability.

Sincerely,

Dr Subhash Challa, Executive Chairman and CEO

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 achieve this by solving customer problems that were once considered impossible and by positively transforming 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.

FINANCIAL SUMMARY

Financial Result

SenSen Networks Limited achieved record revenues in FY23 of $10.8M with 18% growth year-on-year proforma basis, along with profitability improving by 39% with losses reducing from $12.1M to $7.4M as the company transitioned its operating model to a lower cost, efficient and scalable model.

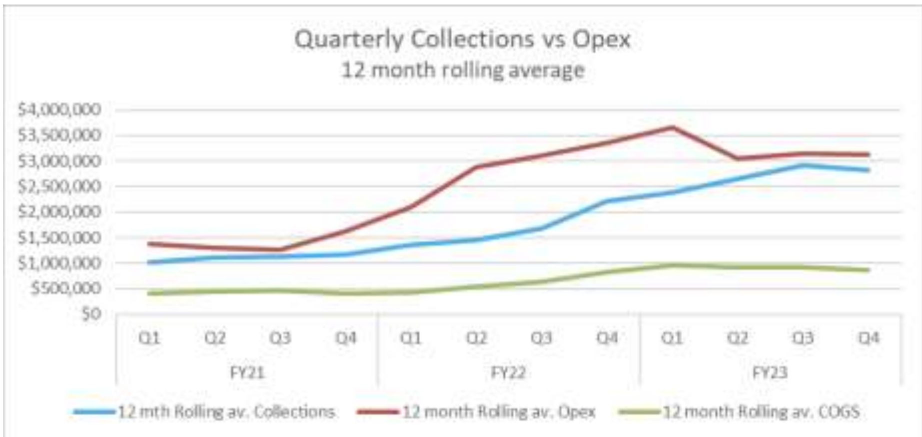
SenSen's ongoing near-zero churn rate and a customer net retention rate (NRR) of 95% reflect the value achieved through ongoing customer relationships with a continually growing portfolio of global smart cities, fuel retailers, infrastructure providers and gaming venues.

The operating loss represents a 39% improvement on the prior year loss underscoring the company's aggressive cost management combined with strong revenue growth. Staff costs reduced by $0.9M or 10% despite most headcount reductions taking place mid-year with further reductions post year end, thus setting the company up for further advances towards profitability going forward.

Gross margin improved by 7% from 62% to 69% showing the benefits of continued growth in recurring revenue.

The Company recorded a net operating cash outflow for the year of $4.8M down from $7.9M driven by record customer receipts of $11.2M (FY22: $8.9M) and a reduction in payments to suppliers and employees to $17.8M down from $18.6M.

As shown in the chart below, actions taken in Q2 FY23 to restructure the business to improve internal efficiencies have re-set the trajectory of operating cost outflows. This lower ongoing cost base - combined with a leaner, more efficient organisation and continued strong revenue growth - puts the Company's objective of achieving cash flow positivity in FY24 within sight.



FINANCIAL SUMMARY

Smart Cities Update

The City Councils market segment continues to be the Company's primary revenue source and growth driver. To further consolidate SenSen's position in the market and accelerate revenues, SenSen has invested significantly to create solutions that not only capture emerging market opportunities for short term revenue generation but also become our economic moat: the business's ability to maintain competitive advantages over competitors to protect long-term profits and market share.

In April 2023, SenSen won a Transport for NSW Road Condition Monitoring contract to perform cost-effective road condition monitoring using low-cost sensors. The new technology is undergoing trials over 200km of road with varying conditions in NSW. This highly disruptive innovation is expected to lead to strong revenue growth in AI-powered asset audits using low-cost sensing.

SenSen has been actively developing a related product SenMAP, an AI-based asset audit solution, to detect, classify and determine the GPS location of street signs, parking signs, fire hydrants, meters, furniture and more, that has now been adopted by several cities globally. SenMAP (***https://youtu.be/eeXV0_RwHzY***) is currently used by Brisbane, Sunshine Coast, Gold Coast, Vancouver, Chicago, Toronto and now TfNSW.

In FY23, SenSen saw continued growth with existing and new customers in all global areas of business focus:

Australia - In FY23 SenSen implemented various parking enforcement and citizen safety AI solutions in new Council customers including Adelaide, Cockburn, Mackay, and Toowoomba. Existing Council customers such as Brisbane, Sunshine Coast and Logan City all expanded their contracts in FY23 with additional systems delivering significant additional revenue to SenSen.

In FY23, the Company continued adding to the national roll-out across the domestic retail fuel market with ~430 locations now using SenSen's anti-fuel theft solution.

Canada – the "cluster effect" seen in South East Queensland whereby neighboring councils adopt the same SenSen technology, has been replicated in Canada. The Company announced the signing of the City of Vancouver, as well as neighboring city Abbotsford to long-term contacts bringing the total number of Canadian cities using SenSen's Smart Cities solutions to nine cities, to also include Calgary, Edmonton, Toronto, Ottawa, Whitby, Banff and Kitchener.

USA – The City of Las Vegas extended the SenSen contract for an additional three years and ordered two new systems to deliver advanced automation through AI for their mobile enforcement operations. Additionally, roll-out of SenSen technology is currently underway at the Las Vegas Airport, the Company's first US Airport customer. Our multi-camera person of interest tracking solution is being implemented on a 4000-camera network.

Chicago Parking Meters extended their contract in FY23 with additional systems delivering significant additional revenue to SenSen.

SenSen received several new orders from leading hospital chains and school districts in the USA to assist security operations and improve safety of patients and children including deployments in California, Pennsylvania, and Oklahoma. These contracts are a combination of direct sales to customers and via distribution partners/resellers.

FINANCIAL SUMMARY

SenSen participated in North America's leading parking and mobility conference in Dallas, Texas, June 11–14 2023. Multiple customer and partner opportunities emerged out of this participation and we expect strong growth in new customer acquisitions in FY24.

Asia – In the Philippines, off the back of the Q4 FY22 expansion of Solaire Casino's use of SenSen's gaming tables solution, the Company continued to expand the number of tables within the Solaire group in FY23, adding both upfront and recurring monthly revenues.
In Singapore, two projects that SenSen won for deploying sensor AI solutions for safety of people and traffic within the Port of Singapore were well underway in FY23. Successful completion of these high-profile projects is expected to lead to further projects within the seaports market.

Fuel Retail Market Update

Throughout the year our customer base has expanded with notable additions including Liberty Oil, Atlas Fuel, and various independent fuel retail chains. The partnership with Chevron continues, where SenSen supports their smart surveillance network upgrades and the deployment of our Scancam system in over 110 Caltex-branded Chevron sites proving instrumental in their loss prevention strategy. The results speak for themselves, with the Scancam system preventing potential theft worth millions of dollars and aiding in the recovery of unpaid fuel debts.

A new solution, Fuel Theft Recovery (FTR), was introduced to the fuel retail market in the June Quarter. This is a significant development as it provides a quick and frictionless entry point for SenSen's solutions to be accessed by fuel retailers. This new SaaS offering not only provides a new revenue stream for the company, it also establishes the foundation to upgrade the solution to Scancam, our market leading fuel theft prevention solution using cameras and proprietary AI software.

The Company worked with QuickFuel, a leading Point-of-Sale (POS) provider to the fuel retail industry to successfully launch our POS integration. QuickFuel's widely adopted POS platform, used by thousands of fuel retailers nationwide, seamlessly integrates our system at the front counter, enabling retailers to effortlessly report fuel theft incidents to our platform with a simple push of a button. Through our dedicated Fuel Recovery Services, retailers can benefit from streamlined debt recovery solutions, effectively reducing losses associated with fuel theft.

A new patent was also granted for this solution:

Country	Patent No.	Granted Date	Priority Date	Title
Australia	2021200700	8 June 2023	9 March 2015	Vehicle fuel theft mitigation system and method

Security and Surveillance Systems Market Update

SenSen has a growing number of clients for our security and surveillance solutions within the US and Singapore markets. Post our acquisition of SNAP Network Surveillance through the COVID period, we focused on completing all partially completed deployments. One of these notable clients is Harry Reid International Airport, Las Vegas with over 4000 cameras running the SenTRACK solution. We also completed implementation of our solution in multiple schools, hospitals and universities. SenSen has been able to re-establish momentum and presence within the partner and end user community and establish a rapidly growing pipeline of opportunities for this solution. We anticipate strong growth for this solution in the US market in the coming months on the back of this foundational effort.

FINANCIAL SUMMARY

With end customers like Singapore Police, Immigration Check Point Authority, Changi International airport, Land Traffic Authority and more recently the Ports Singapore Authority, SenSen has solutions in all major government organisations within Singapore. We have recently developed and introduced Sea Port AI solutions for automating safety operations in relation to traffic safety and lashing/unlashing of containers. We expect further orders in this regard and growth in adoption of our solutions in the broader Singapore market in the coming months and years.

Casino Gaming Update

SenSen won new contracts worth over USD$1M (~A$1.53M) in FY23 that included a new three-year US$969k contract (~A$1.44M) contract with a new Asian casino and a contract for a paid trial of US$60k (~A$89k) with an independent casino in Asia. SenSen has further strengthened its gaming patent portfolio with the granting of the following five patents in the last six months and the portfolio now comprises three granted patent families in multiple countries. Protection in further countries for these patent families is ongoing.

Country	Patent No.	Granted Date	Title
Australia	2018344762	5 January 2023	System and Method for Machine Learning-Driven Object Detection
South Korea	2501264	14 February 2023	System and Method for Machine Learning-Driven Object Detection
USA	11,580,746	14 February 2023	System and Method for Automated Table Game Activity Recognition
Chile	66561	7 March 2023	System and Method for Machine Learning-Driven Object Detection
Japan	7246382	16 March 2023	System and Method for Machine Learning-Driven Object Detection

Focus on Product and IP consolidation

For many years, SenSen was heavily focused on developing new technologies, and feature sets to deliver suites of allied services to our customers. There has been a significant focus on R&D including creating defensible IP and highly differentiating products and solutions.

In FY23, the Company shifted focus to consolidation of products, simplifying deployment and support solutions at scale and the SenSen software platform, SenDISA, has been updated to support new lower cost hardware and new AI/ML architectures.

Our customers are now able to use our solution in various configurations to solve their unique problems in a highly flexible and cost-effective manner including:

AI on wheels, AI on solar, AI on poles, AI on drones, AI in the cloud & on the Edge.

After ongoing development for several years, the Company launched several new products/solutions in FY23 which are expected to diversify and grow the revenue base going forward. These include innovations in both software and modelling (AI, large language models) and hardware (solar power, mobile devices) which add significant depth to the Company's intellectual property position including:

FINANCIAL SUMMARY

- **AI Co-Pilot for Mobile Enforcement** – This new feature automates manual operations undertaken by rangers when driving the vehicle mounted enforcement solutions improving their safety and efficiency. This is now operational in Chicago and it will be progressively introduced to other customers over the next few months generating additional SaaS revenues from existing customers for AI Co-Pilot software license.

- **AI and Solar powered school zones enforcement** – School zones quickly turn into war zones during children drop-off and pick-up times at schools, routinely exposing children and parents to road rage and harm. To address this menacing problem, SenSen launched a School Zone Enforcement solution using its patented pole insertable, solar powered wifi/4G cameras and our privacy first, live awareness AI solution. This was launched in collaboration with Sunshine Coast City Council at a school delivering unprecedented capabilities to make children and parents safer around school zones.

- **Fuel Theft Recovery for All Service/Gas Stations** – Until now fuel theft recovery has been a privileged service only available to service station owners who have bought SenSen's Fuel theft prevention solution, Scancam. However, with some incredible engineering, we have now made fuel theft recovery available to all fuel retailers and station owners irrespective of whether they have the Scancam solution or not. Furthermore, to make it seamless and scale fast, we have integrated this solution into one of the most widely used point of sale (POS) systems within the Fuel Industry: QuickFuel. Within a month of its launch, the solution has been adopted by 10 service stations. With this innovative addition, SenSen now offers a complete solution to the fuel theft problem – we can offer theft prevention on its own, fuel theft recovery on its own or in combination – meeting every customer need within this industry. This spectrum of offerings is expected to drive rapid growth in customer adoption and revenues to SenSen in coming months and years.

- **Code the Curb with a Smart Phone** – Building upon our ground-breaking Gemineye smart phone solution, SenSen developed a new capability to cost effectively digitize the Curb (known by the industry as "Coding the Curb" or "Digital Twin"). This solution was launched in collaboration with the City of Toronto in Canada to digitize its curb, generating upfront and ongoing revenues to SenSen. New customers such as University of British Columbia, also in Canada, as well as cities in the USA and Australia are now adopting the solution.

FINANCIAL SUMMARY

- **AI Curb Enforcement for North America** – In collaboration with the City of Vancouver, we have released our world's first AI powered fully automated curb ordinance enforcement to support real-time enforcement operations within North America. While we are world leaders in this space for end-to-end automation, real- time enforcement within the context of US and Canadian customers needed customisation. This much needed adaptation, completed and delivered to the City of Vancouver, is expected to accelerate the solution adoption in North America in the coming months and years.

- **Sea Ports AI** – Sea Port operations are one of the most dangerous and mission critical activities in the global economy. While SenSen won the contract from Ports Singapore Authority via our distributor D-Ron in FY 2022, project delays on the customer end led to the final solution only being delivered to the customer in Q4 2023. The trial contract worth over $500K, was for 60 cameras to deliver real time safety alerts for operations linked to lashing/unlashing of containers and road safety within the port. The port of Singapore has 1000's of cameras and the account has significant growth potential. More importantly, this solution has relevance to ports around the world and SenSen expects to generate more revenue from this solution in coming years.

  These products are not only providing new and high margin revenue streams to the company in the immediate term, but they are also giving SenSen a significant competitive advantage over competitors in the segments we conduct business.

2023 FINANCIAL STATEMENTS

Financial Report for the year ended 30 June 2023

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 2023.

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 (resignation effective 31 December 2022)

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:	88,523,186 Ordinary shares and nil 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 Holdings Limited, 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 the last three years.

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

Interest in shares and options: 16,228,700 Ordinary shares and nil 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 annually and 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: Chair of the Audit and Risk Committee

Interest in shares and options: 47,126,259 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 global gaming company, Ainsworth Game Technology (ASX:AGI). She resigned in November 2019. Ms Scheibenstock resigned from the Board of SenSen effective 31 December 2022.
Special responsibilities:	Chair of the Audit and Risk Committee up to 31 December 2022

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

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, mergers and acquisitions	✓	✓	✓
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	✓	✓	✗
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 the following 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.
- **Retail:** Provide anti-theft and debt recovery services to fuel retailers.

Dividends – SenSen Networks Limited

No dividends have been declared in the 2023 financial year (2022: no dividend declared).

Operating and financial review

Information on the operations of the Group, its business strategies and prospects is set out in the Chairman's Letter on page 3. The focus of the last year has been to consolidate the business on a common platform in order to gain efficiencies across SenSen's product suite. This has included aligning the staffing structure with the common platform while at the same time focusing on providing customers with standardised solutions that can be scaled. With this streamlined operating model, the Company feels it has a platform which is both scalable and agile enough to meet the needs of the Company's ever growing and loyal customer base.

Operating Results

The Group's net loss after tax was $7,409,184 (2022: Loss of $12,075,161). The loss for the year includes a non-cash share-based payment expense of $207,749 (2022: $3,173,353). This result has been achieved through a combination of revenue growth, growing margins through higher recurring revenue, and revision of the Company's operating structure and consequentially cost base to provide a more efficient operating structure.

Share based payments were significantly lower in the current year largely due to FY22 share based payments including a portion of both FY21 and FY23 incentives due to the three-year nature of the Company's long term incentive plan.

Financial position

The Group's net asset position was $5,877,628 (2022: $12,317,121). Depreciation and Amortisation contributed $1,474,651 to the reduction, of which $959,548 related to amortisation of intangible assets.

The other significant change in net assets was through cash used in operations, with closing cash of $1,897,681 (2022: $6,213,860). As the company transitions to cash flow positivity the company had a net operating cash outflow of $4,784,213 (2022: $7,887,262). The company, through its actions in streamlining its operating model and building a strong pipeline of prospects, remains focused on achieving cash flow positivity in FY24.

Shares

The following shares were issued during the year:

No. of Shares	
Balance as of 1 July 2022	**651,142,760**
- Shares issued in deferred consideration for the acquisition of Scancam Industries Pty Ltd on 7 November 2022	8,878,490
- Shares issued to ESOP LTI on 9 December 2022	18,641,485
- Shares issued for May 2023 payroll on 1 June 2023	569,614
Balance as of 30 June 2023	**679,232,349**

DIRECTORS' REPORT

Shares under option

Unissued ordinary shares of SenSen Networks Limited under option at the date of this report are Nil.

Details of all options granted to key management personnel in prior years 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.

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

During the year the company has simplified its structure and consolidated its business in line with a single platform strategy, which now provides a scalable platform from which to grow the business without significant cost increases.

Events after the Reporting Period

In July 2023 all remaining staff who joined SenSen as part of the Scancam acquisition in July 2021 were made redundant. This was done as part of an effort to fully integrate the Scancam business into SenSen and gain cost efficiencies through centralised management. As a result of all Western Australian based staff leaving the business, the Perth office was also closed.

Following the release of audited financial statements the company is due to settle the second and final deferred consideration amount payable to former shareholders of Scancam which was acquired in July 2021. Consideration for this settlement is expected to be via a share issue of 17,036,806 fully paid ordinary shares.

Likely developments and review of operations

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

SenSen management is constantly looking a ways to improve efficiency and enhance the products and customer experience achieved through customer interactions with SenSen. During the year the Company developed a number of new products which expand the scope and scenarios under which SenSen products can operate. Further the company was able to align its internal structure with a common platform strategy allowing all products to be supported more efficiently and to deliver a consistent customer experience.

Subsequent to year end the company has moved to incorporate the management of Scancam, a third party acquisition in July 2021, more closely into the SenSen structure and achieved cost savings and increase efficiency in doing so.

Management continue to look for opportunities to help achieve efficient and sustainable growth.

DIRECTORS' REPORT

Material Business Risks

SenSen Networks Limited is subject to risks, a number of which may have a material adverse effect on operating and financial performance. SenSen's Risk Management Policy can be found within the Audit and Risk Committee Charter on its website. It is not possible to identify every risk that could affect the business or shareholders and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise or have a material adverse effect on business strategies, assets or future performance of SenSen. A non-exhaustive list (in no particular order) of material risks and relevant mitigation strategies implemented by the Company are set out below.

Risk	Description and potential impact	Strategies used to mitigate the risk
Cost of materials	SenSen is not immune to rising cost of materials and equipment, in particular semi-conductors and computer chips which are important inputs into its product offering.	The Company's is managing this risk by moving from a just-in-time delivery model to holding some inventory at known prices. Further the company is embedding clauses in sales contracts that allow any significant change in the cost of equipment to be passed on to the customer.
Regulatory	The Company operates within a constantly changing regulatory environment and is required to respond to any changes to privacy regulations or regulations around the use of artificial intelligence.	The company monitors changes in the regulatory environment and has the ability to make changes to its software as is necessary to remain compliant.
Funding	The Company is striving to become cash flow positive in the near term, however the ability to raise funds to continue operating on a going concern basis remains a risk.	The Company actively manages its capital requirements and maintains close relationships with its existing investor base. The company maintains adequate cash and debt facilities to ensure it is able to pay its debts as they fall due.
People	The Company may lose key executives. The Company operates in a competitive environment in relation to attracting software development and technical personnel. The loss of key staff or the inability to attract personnel may adversely affect the Company's operations.	Identification of key people and the implementation of appropriate staff training as well as succession plans. The Company offers incentives and career development opportunities for key executives and senior management.
Product innovation and competitive advantage	Competitors may bring comparable products or technology to the market which may challenge SenSen's perceived advantage. Products and technologies developed by competitors may render the Company's product and platform obsolete or non-competitive.	The Company continuously monitors market developments and new products. SenSen continues to invest in its platform development to improve its intellectual property and services and regularly registers new patents for developments it makes in its software.
Sustainability	The impact a business makes on the environment in which it operates is a key focus for all businesses. The impact of a company's actions can impact many facets of its operations.	The Company is constantly looking for ways to reduce its impact on the environment. This is done by focussing on the minimum resources required to run the company, be it floor space, IT equipment, server usage or other resources consumed.
Public perception impacts on customers	The general public is becoming increasingly vocal about privacy and the impacts of technology on day to day lives. The impact of a public relations issue may influence SenSen customers use of our products.	The Company continuously monitors news and industry information for any exposure to potential perception issues and is quick to address any performance issue that may provide the catalyst to a perception issue.

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' Meetings

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

DIRECTORS' REPORT

Director	Board of Directors		Audit and Risk Committee	
	Number Eligible to attend	**Number Attended**	**Number Eligible to attend**	**Number Attended**
Subhash Challa	9	8	3	3
David Smith	9	9	3	3
Zenon Pasieczny	9	8	3	3
Heather Scheibenstock	5	5	2	2

Remuneration Report (Audited)

The Directors are pleased to present the Company's 2023 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 2023

Mr Subhash Challa, Executive Chairman
Mr Zenon Pasieczny, Non-Executive Director
Mr David Smith, Executive Director
Mr Christian Stevens, Chief Financial Officer (appointed 12 September 2022)
Mrs Heather Scheibenstock, Executive Director (resignation effective 31 December 2022)
Mr Jonathan Cook, Chief Financial Officer (resignation effective 12 September 2022)

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").

Remuneration Report (Audited) (cont'd)

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

(d) Long-term incentives (LTIs)

SenSen's Long-Term Incentive Plan ("The Plan") was approved by shareholders at the 2021 General Meeting (GM) on 15 July 2021. 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 2022 Annual General Meeting

SenSen Networks Limited received more than 99.32% of 'yes' votes on its remuneration report for the 2022 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	2023 $	2022 $	2021 $	2020 $	2019 $
Share price at end of financial year	0.050	0.073	0.150	0.070	0.087
Market capitalisation at end of financial year ($M)	$34.0	$47.5	$74.5	$31.3	$36.4
Net Profit/(loss) for the financial year	(7,409,184)	(12,075,161)	(3,021,747)	(3,705,235)	(5,277,798)
Director and Key Management Personnel remuneration	1,243,308	2,562,297	1,167,619	1,182,298	1,544,576

Remuneration Report (Audited) (cont'd)

(i) Details of Remuneration

2023	Short-term Employee Benefits		Post-Employment Benefit	Long-term	Share-based payments		Total	Performance related %
Name	**Salary and Fees**	**Bonus**	**Super**	**Long Service Leave**	**Share Rights**	**Salary sacrifice shares**		
	$	**$**	**$**	**$**	**$**	**$**	**$**	
Directors								
S Challa	351,515	-	38,182	4,206	34,071	13,807	441,781	7.7%
D Smith	292,417	-	28,875	-	28,343	11,486	361,121	7.8%
Z Pasieczny	57,600	-	6,048	-	-	-	63,648	-
H Scheibenstock[1]	123,380	-	11,550	-	-	-	134,930	-
Other key management personnel								
C Stevens (CFO)[2]	143,339	-	15,667	-	7,040	6,550	172,596	4.1%
J Cook (former CFO)[3]	64,771	-	4,463	-	-	-	69,234	-
	1,033,022	**-**	**104,785**	**4,206**	**69,454**	**31,843**	**1,243,310**	**5.6%**

[1] H Scheibenstock resigned on 31 December 2022. The remuneration shown here is for the period from 1 July 2022 to the date of resignation.

[2] C Stevens was appointed on 12 September 2022. The remuneration shown here is for the period from appointment to 30 June 2023.

[3] J Cook resigned on 12 September 2022. The remuneration shown here is for the period from 1 July 2022 to the date of resignation.

2022	Short-term Employee Benefits		Post-Employment Benefit	Long-term	Share-based payments		Total	Performance related %
Name	**Salary and Fees**	**Bonus**	**Super**	**Long Service Leave**	**Share Rights**	**Salary sacrifice shares**		
	$	**$**	**$**	**$**	**$**	**$**	**$**	
Directors								
S Challa	353,030	-	35,303	29,137	485,111	-	902,581	53.7%
D Smith	293,750	-	27,083	-	394,785	-	715,618	55.2%
Z Pasieczny	56,000	-	5,560	-	-	-	61,560	-
H Scheibenstock	218,333	-	21,833	-	238,727	-	478,893	49.8%
Other key management personnel								
J Cook (CFO)	220,000	-	22,000	-	161,645	-	403,645	40.05%
	1,141,113	**-**	**111,779**	**29,137**	**1,280,268**	**-**	**2,562,297**	**50.0%**

Remuneration Report (Audited) (cont'd)

(j) Details of share-based payments

The share rights in the above table were issued as part of compensation to key management personnel during the year ended 30 June 2022 and 30 June 2023. No options over ordinary shares were issued as part of compensation to key management personnel during the years ended 30 June 2022 or 30 June 2023.

Salary Sacrifice Share Scheme

In May 2023 the company launched an employee salary sacrifice share scheme whereby management were invited to sacrifice 20% of their salary in exchange for SenSen shares. In addition to the 20%, employees entering into the plan also received an additional 2% of their monthly salary as shares. 569,614 shares were issued under this plan in June.

The plan commenced on 1 May 2023 and has an end date of 30 June 2024, however the company retains the option to terminate the plan at any time, and employees retain the right to opt out of the plan throughout its duration. As at 30 June 2023, $31,843 has been recognised as a share based payment to key management personnel under this scheme.

Share Rights

A 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 shares to be issued will be calculated as follows:

- An agreed percentage of eligible employee's annual salary;
- Number of shares to be issued based on the 5 day Volume Weighted Average Price (VWAP) prior to the Company's Financial Year results announcement.
- A combination of an eligible employee's length of service and the Company meeting internal measure targets in the most recent Financial Year. Internal measure targets include:
  - Continual service period;
  - Revenue hurdles; and
  - EBITDA hurdles.

These hurdles are considered non-market vesting conditions and the probability of being met is taken into account when determining the expense to be recognised in each period.

The rights to shares were granted after 15 July 2021 (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	**Grant dates [1]**	**Service**	**Revenue Target**	**Revenue Stretch**	**EBITDA**
2020/2021	29/07/21 – 25/08/21	50%	40%	20%	10%
2021/2022	29/07/21 – 25/08/21	50%	40%	20%	10%
2022/2023	29/07/21 – 29/08/22	50%	40%	20%	10%

[1] For the different relative executives

The actual number of shares to be issued to each employee is based on the above fixed percentages of their salary at grant date. A summary of the value expensed, and the number of shares issued is detailed below.

Share rights to these three grants vest annually once the Company issues its Annual Report on or around 30 September. This report will provide revenue and EBITDA results that will be used to determine 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:

Remuneration Report (Audited) (cont'd)

Annual Hurdles/Targets

Service Target

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

The service target is assessed each year at 30 June.

Revenue Target

- First vesting date Revenue 40% greater than FY2020 Revenue recorded in the 30 June 2021 Annual Report
- Second vesting date Revenue 25% greater than hurdle - revenue established at first vesting date (i.e. audited full year revenue for FY2022)
- Third vesting date Revenue 25% greater than hurdle Revenue established at second vesting date (i.e. audited full year revenue for FY2023)
- Continued service to vesting date

EBITDA Target

- First vesting date EBITDA 25% greater than FY2020 EBITDA recorded in the 30 June 2021 Annual Report
- Second vesting date EBITDA 25% greater than hurdle EBITDA established at first vesting date (i.e. audited full year EBITDA for FY2022)
- Third vesting date EBITDA 25% greater than hurdle EBITDA established at second vesting date (i.e. audited full year EBITDA for FY2023)
- Continued service to vesting date

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 based on the relevant percentage of the executive's salary.

Share-based compensation
The terms and conditions of each grant of share rights affecting remuneration in the current or a future reporting period are as follows:

Name	Grant Date	Salary (as at 30 June 2023 excl Super)	Percentage eligible to be earnt each year	Potential value of LTI Shares each year [1]
S Challa	25/08/2021	$363,636	50%	$218,182
D Smith	25/08/2021	$302,500	50%	$181,500
C Stevens (CFO)	29/08/2022	$176,000	40%	$84,480

[1] Excludes any further discretionary grants that may be awarded each year.

Remuneration Report (Audited) (cont'd)

2021 Tranche Summary

Name	Potential value of LTI Shares each year	Tranche 1 - 2021						
		Service	Revenue	EBITDA	EBITDA – Stretch	Discretionary Grant [2]	Total	Number of Shares issued [1]
		50%	40%	10%	20%	N/A		
S Challa	$218,182	$90,909	$72,727	$18,182	-	$50,091	$231,909	1,763,568
D Smith	$181,500	$75,000	$60,000	$15,000	-	$34,153	$184,153	1,400,403
H Scheibenstock	$118,800	$49,500	$39,600	$9,900	-	-	$99,000	752,852
J Cook (CFO)	$105,600	$33,000	$35,200	$8,800	-	-	$77,000	585,551

[1] Share issued based on the 5 day VWAP of the Company's share price prior to the lodgment of the 2021 Annual Report of $0.132 (rounded). The shares for the 2021 tranche were issued during the 2023 financial year.
[2] Discretionary grant related to an additional grant of equity instruments as decided by the board.

In respect of the service element above for 2021 S Challa, D Smith and H Scheibenstock have served greater than 3 years and were entitled to the full 'Service Target' grant. J Cook had served between 1 – 3 years and was entitled to 75% of the 'Service Target'.

For 2021 the Revenue and EBITDA targets were met and the EBITDA - Stretch target was not met as shown below:

Target Measure	Target $	Actual Result	Target met?
Revenue	$5,268,936	$5,532,537	Yes
EBITDA	($2,322,738)	($2,280,897)	Yes
EBITDA Stretch	($2,013,040)	($2,280,897)	No

2022 Tranche Summary

Name	Potential value of LTI Shares each year	Tranche 2 - 2022						
		Service	Revenue	EBITDA	Revenue – Stretch	Discretionary Grant	Total	Shares issued [1]
		50%	40%	10%	20%	N/A		
S Challa	$218,182	$90,909	$72,727	-	$14,545	-	$178,181	2,375,124
D Smith	$181,500	$75,625	$60,500	-	$12,100	-	$148,225	1,975,806
H Scheibenstock	$118,800	$49,500	$39,600	-	$7,920	-	$97,020	1,293,255
J Cook (CFO)	$105,600	$33,000	$35,200	-	$7,040	$9,405	$84,645	1,128,299

[1] Final number of shares to be issued was determined based on a five-day VWAP of the Company's share price prior to the lodgment of the 30 June 2022 Annual Report. The shares for the 2022 tranche were issued during the 2023 financial year

In respect of the service element above for 2022 S Challa, D Smith and H Scheibenstock have served greater than 3 years and were entitled to the full 'Service Target' grant. J Cook had served between 1 – 3 years and was entitled to 75% of the 'Service Target'.

For 2022 the Revenue and Revenue Stretch targets were met and the EBITDA target was not met as shown below:

Target Measure	Target $	Actual Result	Target met?
Revenue	$6,915,671	$9,145,423	Yes
EBITDA	($1,710,673)	($10,500,744)	No
Revenue Stretch	$7,468,925	$9,145,423	Yes

Remuneration Report (Audited) (cont'd)

2023 Tranche Summary

		Tranche 3 - 2023						
Name	Potential value of LTI Shares each year	Service	Revenue	EBITDA	Revenue – Stretch	Discretionary Grant	Total [2]	Shares issued [1]
		50%	40%	10%	20%	N/A		
S Challa	$218,182	$90,909	-	$18,182	-	-	109,091	-
D Smith	$181,500	$75,625	-	$15,125	-		$90,750	-
H Scheibenstock	$118,800	-	-	-	-	-	-	-
C Stevens (CFO)	$105,600	-	-	$7,040	-	-	$7,040	-
J Cook (CFO)	$218,182	-	-	-	-	-	-	-

[1] Final number of shares to be issued will be determined based on a five-day VWAP of the Company's share price prior to the lodgment of the 30 June 2023 Annual Report. These shares will be issued in the 2024 financial year.
[2] This amount represents the proportionate expense related to the 2023 year.

In respect of the service element above for 2023 S Challa and D Smith will have served greater than 3 years and were entitled to the full 'Service Target' grant. C Stevens was appointed CFO on 12 September 2022, and as such will not achieve the minimum one year "Service Target" grant.

For 2023 the EBITDA target was met, however the Revenue and Revenue Stretch targets were not achieved as shown below:

Target Measure	Target $	Actual Result	Target met?
Revenue	$11,431,779	10,796,523	No
EBITDA	($7,875,558)	(5,509,652)	Yes
Revenue Stretch	$12,346,321	10,796,523	No

Summary of Total LTI Remuneration

Name	Grant Date	Total 30 June 2023 LTI Remuneration[1]	LTI Expense recognised in this period
S Challa	25/08/2021	$109,091	$34,071
D Smith	25/08/2021	$90,750	$28,343
C Stevens (CFO)	29/08/2022	$7,040	$7,040

[1] Includes portion of expense recognised on a pro-rata basis in the prior period.

(k) Key Management Personnel Shareholdings

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

2023	Balance at 1 July 2022	Granted as remuneration	Options forfeited or lapsed	Balance as at 30 June 2023	Total Vested	Total Non-vested
S Challa	-	-	-	-	-	-
D Smith	-	-	-	-	-	-

2022	Balance at 1 July 2021	Granted as remuneration	Options forfeited or lapsed	Balance as at 30 June 2022	Total Vested	Total Non-vested
S Challa	6,340,620	-	6,340,620	-	-	-
D Smith	4,323,150	-	4,323,150	-	-	-

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

LTI Incentive Options fully expired during the year ended 30 June 2022.

Remuneration Report (Audited) (cont'd)

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

2023	Balance at 1 July 2022	Shares issued as remuneration [1]	Shares issued on exercise of options	Other changes during the year	Balance held at 30 June 2023
Directors					
S Challa	86,148,062	2,375,124	-	-	88,523,186
D Smith	13,852,894	1,975,806	-	400,000[4]	16,228,700
Z Pasieczny	47,126,259	-	-	-	47,126,259
H Scheibenstock	1,188,485	1,293,255	-	(2,481,740)[3]	-
Other KMP					
C Stevens (CFO)	-	69,391[2]	-		69,391
J Cook (CFO)	2,341,667	1,128,299	-	(3,469,966)[3]	-
Total	**150,657,367**	**6,841,875**	**-**	**(1,951,702)**	**151,947,536**

[1] Includes shares issued in the 2023 financial year related to a grant that was expensed in 2022.
[2] 69,391 shares provided as remuneration to C Stevens under the Company's salary sacrifice share plan.
[3] Shareholding at date of ceasing to be KMP.
[4] 400,000 shares acquired by D Smith via on market purchases.

2022	Balance at 1 July 2021	LTI Shares issued as remuneration	Shares issued on exercise of options	Other changes during the year [2]	Balance held at 30 June 2022
Directors					
S Challa	80,217,828	1,763,568	-	4,166,666	86,148,062
D Smith	11,619,157	1,400,403	-	833,334	13,852,894
Z Pasieczny	46,876,259	-	-	250,000	47,126,259
H Scheibenstock	227,300	752,852	-	208,333	1,188,485
Other KMP					
J Cook (CFO)	205,714	930,379 [1]	-	1,205,574	2,341,667
Total	**139,146,258**	**4,847,202**	**-**	**6,663,907**	**150,657,367**

[1] Includes 344,828 shares issued in the 2022 financial year related to a grant that was expensed in 2021.
[2] Other changes in management shareholdings of 6,663,907 shares during the year relate to shares acquired under the Company's share purchase plan, or via on market purchases in the period.

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

(I) Loans from key management personnel

Details of loans made with key management personnel during the year ended 30 June 2023 are as follows: (2022: nil).

At year end the company had a drawn loan facility of $500,000 with Subhash Challa. During the year the loan was drawn down by $200,000 and repaid with $1,129 interest in January 2023. The company then drew down a further $500,000 on this same loan facility in March 2023 which remains in place as at 30 June 2023 with accrued interest of $8,380. The loan incurs an interest rate of 0.5% per annum below the company's better business loan floating rate with CBA. The loan has no fixed maturity date.

Remuneration Report (Audited) (cont'd)

(m) 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 2023 or 30 June 2022.

(n) 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 2023 financial year are set out below:

Director / KMP	Terms of Agreement	Base salary including superannuation	Termination benefit	Notice period
S Challa	Ongoing	$401,818	6 Months	6 Months
D Smith	Ongoing	$334,263	6 Months	6 Months
Z Pasieczny	Ongoing	$63,648	Not Applicable	Not Applicable
C Stevens	Ongoing	$194,480	1 Month	1 Month
H Scheibenstock	Resigned 31/12/22	$243,100	1 Month	1 Month
J Cook	Resigned 12/9/22	$243,100	1 Month	1 Month

End of Remuneration Report (Audited)

DIRECTORS' REPORT

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 FY23, 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 2023 Corporate Governance Statement is available at sensen.ai/CorporateGovernance.

SenSen's 2023 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.

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 30.

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	69,774
Other compliance services	58,000
	127,774

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.

DIRECTORS' REPORT

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: 29 Sep 2023

AUDITOR'S INDEPENDENCE DECLARATION

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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 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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, 29 September 2023

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 2023

		Consolidated	
	Note	2023 $	2022 $
Revenue from contracts from customers			
Revenue from contracts with customers	3	10,796,523	9,145,423
Cost of sales and providing services		(3,313,999)	(3,512,830)
Gross Profit		7,482,524	5,632,593
Other income	3	2,528,661	2,977,606
Interest income	3	7,455	8,632
Expenses			
Administration expense	4	(1,302,399)	(970,256)
Advertising & marketing		(501,113)	(816,010)
Other expenses	4	(3,420,530)	(3,639,972)
Finance cost	4	(470,333)	(262,408)
Occupancy cost		(256,417)	(410,221)
Staff costs	4	(7,993,865)	(8,868,494)
Technology costs		(1,627,243)	(1,511,697)
Depreciation & Amortisation	4	(1,474,651)	(1,113,063)
Share based payments	29	(207,749)	(3,173,353)
Fair value gain or loss		(147,859)	(153,565)
Loss before income tax		**(7,383,519)**	**(12,300,208)**
Income tax (expense)/benefit	5	(25,665)	225,047
Loss for the period		**(7,409,184)**	**(12,075,161)**
Loss attributable to members of the parent entity		(7,409,184)	(12,075,161)
		(7,409,184)	**(12,075,161)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		138,672	(26,101)
Other comprehensive income		**138,672**	**(26,101)**
Total comprehensive income for the year		**(7,270,512)**	**(12,101,262)**
Loss per share:			
Basic and diluted loss per share (cents)	6	**(1.11)**	**(1.99)**

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 2023

		Consolidated	
		2023	**2022**
	Note	**$**	**$**
ASSETS			
Current Assets			
Cash and cash equivalents	8	1,897,681	6,213,860
Trade and other receivables	10	1,467,415	1,943,338
Contract assets	11	424,229	561,671
Inventory	13	485,731	231,790
Other assets	12	3,011,208	2,440,441
Total Current Assets		**7,286,264**	**11,391,100**
Non-Current Assets			
Intangibles	15	1,689,804	2,649,352
Goodwill	15	5,632,016	5,632,016
Right of use asset	16	1,295,479	335,780
Other assets		38,720	74,691
Property, plant and equipment	14	396,071	434,666
Total Non-Current Assets		**9,052,090**	**9,126,505**
TOTAL ASSETS		**16,338,354**	**20,517,605**
LIABILITIES			
Current Liabilities			
Trade and other payables	17	3,217,654	2,687,732
Contract liabilities	20	1,103,746	1,156,667
Contingent consideration liability	19	887,154	1,362,565
Employee benefits	18	665,601	652,314
Lease liabilities	16	286,880	185,428
Borrowings	21	3,101,458	1,954,375
Total Current Liabilities		**9,262,493**	**7,999,081**
Non-Current Liabilities			
Employee benefits	18	107,446	18,577
Lease liabilities	16	1,090,787	182,826
Total Non-Current Liabilities		**1,198,233**	**201,403**
TOTAL LIABILITIES		**10,460,726**	**8,200,484**
NET ASSETS		**5,877,628**	**12,317,121**
EQUITY			
Issued capital	22	59,906,517	57,856,852
Reserves	23	4,397,166	5,477,140
Accumulated losses		(58,426,055)	(51,016,871)
TOTAL EQUITY		**5,877,628**	**12,317,121**

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 2023

Consolidated	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Balance at 1 July 2021	**41,649,827**	**(38,941,710)**	**3,597,335**	**6,305,452**
Loss for the period	-	(12,075,161)	-	(12,075,161)
Other comprehensive income for the period	-	-	(26,101)	(26,101)
Total comprehensive income for the period	**-**	**(12,075,161)**	**(26,101)**	**(12,101,262)**
Transactions with owners in their capacity as owners				
Shares issued during the year (see note 22)	14,939,578	-	-	14,939,578
Share Based Payments (see note 22)	-	-	3,173,353	3,173,353
Transfer from reserves (note 22)	1,267,447	-	(1,267,447)	-
Total transactions with owners for the period	**16,207,025**	**-**	**1,905,906**	**18,112,931**
Balance at 30 June 2022	**57,856,852**	**(51,016871)**	**5,477,140**	**12,317,121**
Balance at 1 July 2022	**57,856,852**	**(51,016871)**	**5,477,140**	**12,317,121**
Loss for the period	-	(7,409,184)	-	(7,409,184)
Other comprehensive income for the period	-	-	138,672	138,672
Total comprehensive income for the period	**-**	**(7,409,184)**	**138,672**	**(7,270,512)**
Transactions with owners in their capacity as owners				
Shares issued during the year (see note 22)	623,270	-	-	623,270
Share Based Payments (note 23 and 30)	-	-	207,749	207,749
Transfer from reserves (note 22 and 23)	1,426,395	-	(1,426,395)	-
Total transactions with owners for the period	**2,049,665**	**-**	**(1,218,646)**	**831,019**
Balance at 30 June 2023	**59,906,517**	**(58,426,055)**	**4,397,166**	**5,877,628**

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 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from customers		11,198,917	8,923,889
Payments to suppliers and employees		(17,835,452)	(18,644,466)
Interest received		7,455	8,632
Interest paid		(342,617)	(125,957)
Government grants received		2,187,484	1,950,640
Income tax paid		-	-
Net cash used in operating activities	**9(a)**	**(4,784,213)**	**(7,887,262)**
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		-	(1,080,000)
Purchase of plant and equipment	14	(151,016)	(253,996)
Deposits		(40,824)	(107,219)
Net cash used in investing activities		**(191,840)**	**(1,441,215)**
Cash flows from financing activities			
Proceeds from issue of shares	22	-	9,996,492
Transaction costs related to issue of shares	22	-	(352,076)
Repayment of lease liabilities	9(b)	(249,011)	(398,542)
Proceeds from borrowings	9(b)	2,722,119	2,300,000
Repayment of borrowings	9(b)	(1,813,234)	(1,180,000)
Net cash provided by financing activities		**659,874**	**10,365,874**
Net increase in cash and cash equivalents		(4,316,179)	1,037,397
Cash and cash equivalents at beginning of the financial year		6,213,860	5,176,463
Cash and cash equivalents at end of financial year	8	**1,897,681**	**6,213,860**

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

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2023

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 29 September 2023 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 2023 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 31.

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.

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

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 2023 of $4,784,213 (30 June 2022: $7,887,262) and as at 30 June 2023 has a net asset position of $5,877,628 (30 June 2022: $12,317,121) and net current asset deficiency of $1,976,229. The Group also generated a loss after tax for the year ended 30 June 2023 of $7,409,184 (30 June 2022: $12,075,161).

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

- The ability to meet its internal cash flow forecasts, in particular the Group's revenue growth targets and reductions in operating cost expectations;
- The ability of the Group to draw down on its unused loan facilities;
- The ability to continue to benefit from the Australian government Research and Development grant in the near term; and
- The ability of the Group to raise sufficient capital as and when necessary. Refer to Note 22 for capital raises completed.

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

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 three 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.
- **Gaming**: delivering accurate actionable insights to casinos about table occupancy, hands per hour, bet type and value for every bet placed on the gaming floor.
- **Retail:** Provide anti-theft and debt recovery services to fuel retailers.

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 installation). 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2023. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, being the most relevant to the Consolidated Entity, are set out below.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

These changes are applicable from annual periods beginning on or after 1 January 2023. There are four main changes to classification requirements.

(1) The requirement for an unconditional right has been deleted because covenants in banking agreements would rarely result in unconditional rights.
(2) The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
(3) Classification is based on the right to defer settlement, and not the intention.
(4) If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity.

As these amendments only apply for the first time to the 30 June 2024 balances (and 30 June 2023 comparative balances), the Consolidated Entity is not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.

AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

These amendments introduce a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables. Accounting estimates are developed using measurement techniques and inputs. The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input. The amendments also indicate that only material accounting policy information must be disclosed in the financial statements.

1. **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, which is annual periods beginning on or after 1 July 2023.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 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 combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on 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 (IFRS 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.

(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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Acquired Intangible Assets
Acquired intangible assets, including brand names, technology and customer contracts are recorded at fair value at date of acquisition. These assets have a finite useful life and are subsequently carried at fair value less accumulated amortisation and impairment losses.

The useful lives applied to these assets are as follows:
Brand names – 5 years
Technology – 5 years
Customer contracts – 6 years

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sofware developed or acquire for sales and licensing
Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new areas of products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs and acquired software are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from three to five 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. These 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 30. 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.

(r) 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)

(s) 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.

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) 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.

(v) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(w) 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.

(x) 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.

(y) Segment reporting

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

(z) 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.

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:

(i) 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant estimates and judgements

(aa) 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 30)
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.

(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) *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;
- Retail;
- Product and Operations; and
- Corporate (not considered a separate segment).

The Retail segment is made up of the Scancam business for which the costs associated with this business are easily identifiable and separately tracked. This business accesses the retail fuel sales market.

As SenSen has grown, a product and operations resource pool has been developed which provides software development, support and expertise for all of the company's products and its customers. Reported as the Product and Operations segment, this pool is responsible for developing SenSen's technology and product offering, as well as providing annotation to support artificial intelligence learning and customer support services. These costs can not be meaningfully allocated to a particular customer facing segment and as a result are categorised separately.

Further to the inclusion of the Retail and Product and Operations segments, the company has decided to show a Corporate segment for costs which are not easily split across the market segments in which it operates. These costs include general management, facilities and other corporate services consistent with running an ASX listed company operating internationally.

2. SEGMENT REPORTING (CONTINUED)

Segment Revenues and Results

The following is an analysis of the Group's revenue and results by reportable segment:

	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated
	$	$	$	$	$	$	$	$	$	$	$	$
				2023						2022		
Segment performance revenue												
Point in Time	2,296,668	6,698	1,417,523	-	-	3,720,889	1,645,864	550,452	1,306,230	-	-	3,502,546
Over Time	4,783,736	854,771	1,437,127	-	-	7,075,634	4,231,732	276,789	1,134,357	-	-	5,642,877
Total revenue	**7,080,404**	**861,469**	**2,854,650**	**-**	**-**	**10,796,523**	**5,877,596**	**827,241**	**2,440,587**	**-**	**-**	**9,145,423**
Cost of Sales	(1,805,974)	(44,866)	(1,463,159)			(3,313,999)	(2,081,349)	(253,694)	(1,177,787)			(3,512,830)
Gross Profit	**5,274,430**	**816,603**	**1,391,491**	**-**	**-**	**7,482,524**	**3,796,247**	**573,547**	**1,262,800**	**-**	**-**	**5,632,593**
% Gross Profit	74.5%	94.8%	48.7%	-	-	**69.3%**	64.6%	69.3%	51.7%	-	-	**61.6%**
Staff Costs	(1,659,671)	(247,448)	(623,030)	(4,087,589)	(1,376,127)	**(7,993,865)**	(2,154,131)	(763,884)	(977,795)	(4,612,378)	(1,429,675)	**(9,937,863)**
Segment Contribution	**3,614,759**	**569,155**	**768,461**	**(4,087,589)**	**(1,376,127)**	**(511,341)**	**1,642,115**	**(190,337)**	**285,005**	**(4,612,378)**	**(1,429,675)**	**(4,305,271)**
Other Income & Interest					2,536,116	2,536,116					2,986,237	2,986,237
Overheads	(2,263,193)	(1,055)	(1,406,344)	(476,685)	(5,261,017)	**(9,408,294)**	(1,786,107)	(267,875)	(1,272,348)	(208,768)	(7,446,077)	**(10,981,175)**
Net loss before tax for the period	**1,351,566**	**568,100**	**(637,883)**	**(4,564,274)**	**(4,057,939)**	**(7,383,519)**	**(143,992)**	**(458,212)**	**(987,343)**	**(4,821,147)**	**(5,889,514)**	**(12,300,208)**

NOTES TO THE FINANCIAL STATEMENTS

SEGMENT REPORTING (CONTINUED)

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

	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated
	$	$		$	$	$	$	$	$	$	$	$
				2023						2022		
Segment performance Revenue												
Geographies												
Asia	800,594	861,469	-	-	-	1,662,063	240,805	437,523	-	-	-	678,328
ANZ	3,937,822	-	2,854,650	-	-	6,792,472	3,164,131	389,718	2,440,586	-	-	5,994,435
North America	2,341,988	-	-	-	-	2,341,988	2,472,660	-	-	-	-	2,472,660
Total Revenue	**7,080,404**	**861,469**	**2,854,650**	**-**	**-**	**10,796,523**	**5,877,596**	**827,241**	**2,440,586**	**-**	**-**	**9,145,423**

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.

	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated	Smart Cities	Gaming	Retail	Product & Ops	Corporate	Consolidated
	$	$	$			$	$	$	$			$
				30-Jun-23						30-Jun-22		
Segment assets & liabilities												
Assets	1,456,218	292,320	684,988	714,277	13,190,551	16,338,354	3,275,678	80,234	1,153,525	670,573	15,337,595	20,517,605
Liabilities	(2,197,638)	(249,754)	(656,958)	(208,128)	(7,148,248)	(10,460,726)	(1,800,015)	(18,872)	(210,242)	(266,699)	(5,904,656)	(8,200,484)
Net Assets	**(741,420)**	**42,566**	**28,030**	**506,149**	**6,042,303**	**5,877,628**	**1,475,663**	**61,362**	**943,283**	**403,874**	**9,432,939**	**12,317,121**

3. REVENUE AND OTHER INCOME

	Consolidated	
	30-Jun-23	30-Jun-22
	$	$
Revenue from contracts with customers		
Revenue recognised at a point in time	3,720,889	3,502,546
Revenue recognised over time	7,075,634	5,642,877
Total Revenue	**10,796,523**	**9,145,423**
Other Income		
Interest received	7,455	8,632
Research and Development Grant	2,528,661	2,977,606
Total Other Income	**2,536,116**	**2,986,238**
Total revenue and other income	**13,332,639**	**12,131,661**

4. EXPENSES

		Consolidated	
		2023	2022
	Note	$	$
Interest and fees paid on finance facilities		470,333	262,408
Total Finance costs		**470,333**	**262,408**
Administration expense			
Insurance		407,741	380,669
Travel		570,626	373,350
Other administration expenses		324,032	216,237
Total Administration expense		**1,302,399**	**970,256**
Staff Costs			
Contributions to defined contribution superannuation funds	(a)	481,280	491,282
Wages & other staff expenses		7,512,585	8,377,212
Total Staff Costs		**7,993,865**	**8,868,494**

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

		2023	2022
Other expenses			
Legal Fees		588,416	451,145
Patents and trademarks		537,264	335,917
Audit, bookkeeping and tax advice		530,288	562,207
Contractors		922,173	1,397,423
University partnership		100,000	60,000
Registry, investor relations & other listing costs		323,575	269,755
Transaction costs		-	512,598
Restructuring costs		344,487	-
other		74,327	50,927
Total other expenses		**3,420,530**	**3,639,972**

NOTES TO THE FINANCIAL STATEMENTS

	Note	Consolidated 2023 $	2022 $
Depreciation and Amortisation			
Depreciation	14	189,611	215,150
Amortisation of intangibles	15	959,548	536,315
Depreciation – Right of use asset	16	325,492	361,598
Total Depreciation and Amortisation		**1,474,651**	**1,113,063**

5. INCOME TAX

		Consolidated 2023 $	2022 $
(a)	**Major components of income tax benefit (expense)**		
	Current tax expense		
	Current tax expense	25,665	78,513
	Deferred tax expense		
	Relating to origination and reversal of temporary differences	-	(303,560)
	Total income tax expense/(benefit)	25,665	(225,047)

		Consolidated 2023 $	2022 $
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	Loss from continuing operations before income tax expense	(7,383,520)	(12,300,208)
	Tax at the Australian tax rate of 25.0% (2022: 25.0%)	(1,845,880)	(3,075,052)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Non-deductible items	212,446	899,143
	(Over)/Under provision for tax in the previous year	21,749	336,746
	Accounting expenditure subject to R&D tax incentive	1,461,934	1,262,993
	Other income not included in assessable income	(632,165)	(660,504)
	Other	21,333	(5,075)
	Deferred tax asset not recognised on temporary differences	786,247	1,016,702
	Total Income tax expense/(benefit)	**25,665**	**(225,047)**

		Consolidated 2023 $	2022 $
(c)	**Deferred Income Tax**		
	Deferred income tax at 30 June relates to the following:		
	Deferred Tax Assets		
	Sundry creditors and accruals	29,069	11,374
	Provisions	343,482	192,309
	Borrowing expenses	-	-
	Share issue costs	63,561	86,540
	Section 40-880 Deduction	56,785	76,059
	Depreciation	112,638	60,860
	Other	140,289	187,472
	Tax losses carried forward	3,275,938	2,608,596
	Deferred tax asset not recognised	(3,716,749)	(2,918,197)
		305,013	**305,013**
	Acquired intangibles	**(305,013)**	**(305,013)**
	Net DTA	**-**	**-**

5. INCOME TAX (CONTINUED)

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.

(d) Movements in deferred tax assets

		Charged/credited to			
Year ended June 2023	**1 July 2022**	**Profit or Loss**	**Directly to equity**	**Acquisition of subsidiary**	**30 June 2023**
Sundry creditors and accruals	11,375	17,695	-	-	29,070
Provisions	192,309	151,173	-	-	343,482
Borrowing expenses	-	-	-	-	-
Share issue costs	86,540	-	(22,979)	-	63,561
Section 40-880 Deduction	76,059	(19,274)	-	-	56,785
Depreciation	60,859	51,779	-	-	112,638
Other	187,472	(47,184)	-	-	140,288
Tax Losses Carried Forward	2,608,596	667,342	-	-	3,275,938
Deferred tax asset not recognised	(2,918,197)	(821,530)	22,979	-	(3,716,749)
Offset against deferred tax liability	(305,013)	(1)	-	-	(305,013)
	-	-	-	-	-

		Charged/credited to			
Year ended June 2022	**1 July 2021**	**Profit or Loss**	**Directly to equity**	**Acquisition of subsidiary**	**30 June 2022**
Sundry creditors and accruals	7,572	2,348	-	1,455	11,375
Provisions	162,061	30,248	-	-	192,309
Borrowing expenses	-	-	-	-	-
Share issue costs	36,500	-	50,040	-	86,540
Section 40-880 Deduction	40,889	35,170	-	-	76,059
Depreciation	2,182	58,678	-	-	60,859
Other	117,366	70,106	-	-	187,472
Tax Losses Carried Forward	1,631,836	976,760	-	-	2,608,596
Deferred tax asset not recognised	(1,998,406)	(869,751)	(50,040)	-	(2,918,197)
Offset against deferred tax liability	-	(303,560)	-	(1,454)	(305,013)
	-	-	-	-	-

(e) Movements in deferred tax liabilities

		Charged/credited to			
Year ended June 2023	**1 July 2022**	**Profit or Loss**	**Directly to equity**	**Acquisition of subsidiary**	**30 June 2023**
Intangibles	305,013	-	-	-	305,013
Offset against deferred tax asset	(305,013)	-	-	-	(305,013)
	-	-	-	-	-

(e) Franking credits

The Group does not hold franking credits as at 30 June 2023 or 30 June 2022.

6. EARNINGS/(LOSS) PER SHARE

	Consolidated 2023 Cents per Share	Consolidated 2022 Cents per Share
(a) Basic and diluted loss per share		
From continuing operations attributable to the ordinary equity holders of the company	(1.11)	(1.99)
Total basic loss per share attributable to the ordinary equity holders of the company	**(1.11)**	(1.99)
(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	(7,409,184)	(12,075,161)

(c) Weighted average number of shares

	Consolidated 2023 No	Consolidated 2022 No
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	667,316,346	607,647,409

As at 30 June 2023, there are no (2022: nil) options outstanding. 15,854,256 options expired on 2 October 2021.

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 2023 $	Consolidated 2022 $
Audit and review of the financial reports	298,143	249,500
Taxation compliance services	69,774	187,213
Other compliance services	58,000	-
Total remuneration of BDO	**425,917**	**436,713**

8. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,897,681	6,213,860
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	1,897,681	6,213,860
Bank overdrafts	-	-
	1,897,681	6,213,860

9. CASH FLOW INFORMATION

	Consolidated 2023 $	Consolidated 2022 $
(a) Reconciliation of profit/(loss) after income tax to net cash used in operating activities		
Net loss for the year	(7,409,184)	(12,075,161)
Non-cash flows in profit/(loss):		
Expenses		
Depreciation and amortisation expense	1,149,159	751,465
Right of use asset depreciation	325,492	361,598
Share based payment expense	207,749	3,173,353
Other non-cash	147,859	153,565
Changes in assets and liabilities net of the effects of acquisitions of subsidiaries		
(Increase)/decrease in trade and other receivables	(23,304)	(634,194)
(Increase)/decrease in contract assets	137,442	(213,502)
(Increase)/decrease in inventory	(253,941)	9,604
(Increase)/decrease other assets	(397,733)	(978,015)
Increase/(decrease) in trade and other payables	727,555	1,462,843
Increase/(decrease) in provisions	604,693	101,180
Net cash used in operating activities	**(4,784,213)**	**(7,887,262)**

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

Year ended 30 June 2023	Opening Balance	Cash flows	Non-cash Changes	Closing Balance
Borrowings and Lease liabilities (i)	2,322,628	659,874	1,496,623	4,479,125
	2,322,628	**659,874**	**1,496,623**	**4,479,125**

Year ended 30 June 2022	Opening Balance	Cash flows	Non-cash Changes	Closing Balance
Borrowings and Lease liabilities (i)	1,305,068	721,458	296,102	2,322,628
	1,305,068	**721,458**	**296,102**	**2,322,628**

Non-cash changes above include additions of leases and interest on borrowings.

Financing activities above includes:

(i) Includes cash payments of lease liabilities of $249,011 (FY22: $398,542) and net borrowings of $908,885 (FY22: $1,120,000).

Non-cash investing and financing activities disclosed in other notes are:

- Scancam deferred consideration payment via share issue – note 22

10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023	2022
	$	$
CURRENT		
Trade Receivables	1,723,810	2,041,683
Allowance for expected credit losses	(256,395)	(98,345)
	1,467,415	**1,943,338**

11. CONTRACT ASSETS

	Consolidated	
	2023	2022
	$	$
Contract Assets		
Customer Contracts – In Progress	424,229	561,671
Allowance for expected credit loss	-	-
	424,229	**561,671**

12. OTHER ASSETS

	Consolidated	
	2023	2022
	$	$
Other Assets		
R&D Incentive Receivable	2,538,784	2,197,607
Prepayments	327,725	10,051
Other assets	144,699	232,783
	3,011,208	**2,440,441**

13. INVENTORY

	Consolidated 2023 $	Consolidated 2022 $
Inventory		
Hardware – at cost	485,731	174,873
Raw Materials – at cost	-	56,917
Provision for inventory	-	-
	485,731	**231,790**

The amount of inventories recognised as an expense during the year ended 30 June 2023 was $2,801,659 (2022: $3,512,830).

14. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles $	Furniture & Equipment $	Computer Equipment $	Total $
30 June 2023				
Opening net book value at 1 July 2022	29,575	8,301	396,790	**434,666**
Additions/disposals	48,932	134,923	(32,839)	**151,016**
Depreciation and amortization	(20,842)	(61,059)	(107,710)	**(189,611)**
Balance at 30 June 2023	57,665	82,165	256,241	**396,071**
At 30 June 2023				
Cost	107,248	160,342	840,660	**1,108,250**
Accumulated depreciation	(49,583)	(78,177)	(584,419)	**(712,179)**
Net book balance	57,665	82,165	256,241	**396,071**

	Motor Vehicles $	Furniture & Equipment $	Computer Equipment $	Total $
30 June 2022				
Opening net book value at 1 July 2021	44,074	10,419	336,327	**390,820**
Additions – business combinations	-	-	5,000	**5,000**
Additions	-	-	253,996	**253,996**
Depreciation and amortization	(14,499)	(2,118)	(198,533)	**(215,150)**
Balance at 30 June 2022	29,575	8,301	396,790	**434,666**
At 30 June 2022				
Cost	67,547	46,690	1,056,472	**1,170,709**
Accumulated depreciation	(37,972)	(38,389)	(659,682)	**(736,043)**
Net book balance	29,575	8,301	396,790	**434,666**

15. INTANGIBLE ASSETS

	Patents & other acquired intangible assets $	Goodwill $	Total $
30 June 2023			
Opening net book value at 1 Jul 2022	2,649,352	5,632,016	**8,281,368**
Additions – business combinations	-	-	**-**
Impairment	-	-	**-**
Depreciation and amortisation	(959,548)	-	**(959,548)**
Balance at 30 June 2023	1,689,804	5,632,016	**7,321,820**
At 30 June 2023			
Cost	3,269,000	5,632,016	**8,901,016**
Accumulated amortisation	(1,579,196)	-	**(1,579,196)**
Net book balance	1,689,804	5,632,016	**7,321,820**

	Patents & other acquired intangible assets $	Goodwill $	Total $
30 June 2022			
Opening net book value at 1 Jul 2021	916,667	383,399	**1,300,066**
Additions – business combinations	2,269,000	5,248,617	**7,517,617**
Impairment	-	-	**-**
Depreciation and amortisation	(536,315)	-	**(536,315)**
Balance at 30 June 2022	2,649,352	5,632,016	**8,281,368**
At 30 June 2022			
Cost	3,269,000	5,632,016	**8,901,016**
Accumulated amortisation	(619,648)	-	**(619,648)**
Net book balance	2,649,352	5,632,016	**8,281,368**

Useful life assessment

During the period the group also re-assessed the useful lives of the following intangible assets as follows:

- Sentrack intellectual property useful life reduced from 7 years to 4 years
- Scancam Brand names reduced from 5 years to 3 years
- Scancam Technology reduced from 5 years to 3 years

These changes are a result of the group working to integrate Scancam and Sentrack on the SenSen platform.

Impairment test for goodwill

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

	2023		2022	
	Patents & other acquired intangible assets $	**Goodwill $**	**Patents & other acquired intangible assets $**	**Goodwill $**
SenTrack	453,634	383,399	773,810	383,399
Scancam	1,236,170	5,248,617	1,875,542	5,248,617
	1,689,804	5,632,016	2,649,352	5,632,016

15. INTANGIBLE ASSETS (CONTINUED)

The Group tests whether the goodwill has suffered any impairment on an annual basis. For the 2023 reporting period, the recoverable amount of the cash-generating units (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 and projections approved by management covering a five-year period.

Significant assumptions used for the purposes of assessing each CGU for impairment include:

	SenTrack		Scancam	
Average revenue growth rate FY23-FY27	23.00%	23.00%	21.00%	17.00%
Fixed cost growth rate	3.00%	5.00%	3.00%	5.00%
Pre-tax discount rate[1]	22.67%	22.67%	25.73%	22.67%
Terminal value growth	2.50%	2.50%	3.10%	2.50%

[1] In performing the value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax discount rates are disclosed above.

Cash flows beyond the five-year period are extrapolated using the estimated long term growth rate attached to consumer price indexation (CPI), estimated at 2.5% as at 30 June 2023 for SenTrack, and 3.1% for Scancam considering this business is likely to still be growing strongly in five years time. 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 post-tax discount rate, reflecting specific risks relating to the relevant CGU's and the countries in which the cash-generating unit operates. As at 30 June 2023, the Group has applied a post-tax discount rate of 17.00% to SenTrack cash flows, and a more conservative 19.3% to Scancam considering the impact of the new Fuel Theft Reporting line of business.

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

Based on the above assumptions, the recoverable amount of the SenTrack CGU exceeds the carrying amount by $220,000.

Based on the above assumptions, the recoverable amount of the Scancam CGU exceeds the carrying amount by $321,000.

As disclosed in note 1 (aa), the Directors have made judgements and estimates in respect to impairment testing. Should these judgements and estimates not occur the resulting CGU carrying amount may decrease.

Impact of reasonably possible changes in key assumptions

Based on the assumptions above the value-in-use calculations for both the SenTrack and Scancam CGU's show headroom in excess of the carrying value of the CGU.

The table below summarises movements in the key assumptions and the impact on the impairment assessment:

	Movement in assumption	SenTrack – Impairment impact	Scancam – Impairment impact
Average revenue growth rate FY24-FY28	Decrease by 5%	$529,300	$1,567,200
Fixed cost growth rate	Decrease by 1%	$nil	$nil
Post-tax discount rate	Increase by 1%	$nil	$198,324
Terminal value growth	Decrease by 0.5%	$nil	$nil

16. LEASES

	Consolidated 2023 $	Consolidated 2022 $
Amounts recognised in the consolidated statement of financial position:		
Right-of-use assets		
Buildings	1,295,479	325,101
Vehicles	-	10,679
	1,295,479	**335,780**
Lease liabilities		
Current	286,880	185,428
Non-current	1,090,787	182,826
	1,377,667	**368,254**

Additions to the right-of-use assets during the 2023 financial year were $1,258,424 (2022: $288,276).

	2023 $	2022 $
Amounts recognised the consolidated statement of profit or loss and other comprehensive income:		
Depreciation charge – right-of-use assets	325,492	361,598
Interest expense – lease liabilities	60,162	34,732
	385,654	**396,330**

The total cash outflow for leases in 2023 was $249,011 (2021: $473,533).

17. TRADE AND OTHER PAYABLES

	Consolidated 2023 $	Consolidated 2022 $
Current		
Trade payables	1,714,432	1,238,557
Accruals and other payables	1,503,222	1,449,175
	3,217,654	**2,687,732**

18. EMPLOYEE BENEFITS

	Consolidated 2023 $	Consolidated 2022 $
Current		
Employee benefits	665,601	652,314
	665,601	**652,314**
Non-Current		
Employee benefits	107,446	18,577
	107,446	**18,577**

19. CONTINGENT CONSIDERATION

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.

Recognised fair value measurements

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

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

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

		Consolidated	
		30 Jun 2023	30 Jun 2022
	Note	$	$
Contingent consideration – level 3		887,154	1,362,565
		887,154	**1,362,565**

Contingent consideration has been recognised on the acquisition of Scancam Industries Pty Ltd as disclosed in note 15. The fair value of the contingent consideration of $887,154 has been estimated by calculating the present value of the future expected cash outflows discounted. Expected cash outflows are based on expectation of meeting certain revenue targets.

Reconciliation of level 3 movements

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

		Consolidated	
		30 Jun 2023	30 Jun 2022
	Note	$	$
Opening balance 1 July		1,362,565	-
Recognised on business combination		-	1,209,000
Payments of contingent consideration		(623,270)	-
Fair value adjustments		147,859	153,565
		887,154	**1,362,565**

Valuation processes for level 3 fair values

Valuations are performed every six months to ensure that they are current for the half-year and annual financial statements. The fair value of the contingent consideration of $887,154 has been estimated by calculating the present value of the future expected cash outflows discounted. Expected cash outflows are based on expectation of meeting certain revenue targets. Fair value adjustments are recorded to reflect the change in expected contingent consideration on the above basis.

20. CONTRACT LIABILITIES

	Consolidated 2023 $	Consolidated 2022 $
Current		
Contract liabilities*	1,103,746	1,156,667
	1,103,746	**1,156,667**

* $1,428,536 has been recognised as revenue in the 2022 financial year (FY22: $987,105) and $1,363,237 were additions during the 2023 financial year (FY22: $1,621,898).

21. BORROWINGS

		Consolidated 2023 $	Consolidated 2022 $
(a)	Bank Loans	450,000	450,000
(b)	Other Loans	2,651,458	1,504,375
Total Current Borrowings		**3,101,458**	**1,954,375**

a) Bank loan

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 rate interest of 7.82% is charged. The loan was renewed in December 2022. The loan is secured by a letter of set-off between the Group and Commonwealth Bank over a Term Deposit.

b) Other loan

The loan balance with Rocking Horse was $1,500,000 and interest of $4,375 at 30 June 2022. In December 2022, SenSen received a refund from the Australian Tax Office and repaid Rocking Horse the total loan and interest of $1,612,105. To replace this loan, a short-term loan of $1,100,000 was agreed with Rocking Horse Nominees Pty Ltd. Fixed rate interest of 15% was charged. The loan was secured over the Research and Development refund. A general security deed was held by Rocking Horse Nominees Pty Ltd. Interest accrued on this loan is $91,042 as at 30 June 2023.

The company made a second draw down of the $400,000 from Rocking Horse in April 2023 which remains in place at 30 June 2023 with accrued interest of $13,137.

During the period, the Company also drew down on a loan from Subhash Challa for $200,000 which accrued interest of $1,129 as at 31 December 2022. This loan was repaid in January 2023. The company then drew down a further $500,000 on this same loan in March 2023 which remains in place as at 30 June 2023 with accrued interest of $8,380.

In December 2022 the Company finalised two facilities with TP24, totalling $800,000 which were drawn down on by a total of $523,731 at 30 June 2023 with accrued interest of $6,438. A facility fee of 2.25% p.a. is payable on the facility plus and interest rate of 7.8% over the 30 day Bank bill swap rate.

c) Undrawn facilities

The company has an undrawn loan facility of $1,000,000 with Adapt Capital Pty Ltd. This loan incurs a variable interest rate based on the NAB overdraft fee plus 0.5% per annum. The loan has a maturity date of 30 days after the last drawdown date.

22. ISSUED CAPITAL

	Note	Consolidated 2023 $	Consolidated 2022 $
Ordinary shares	(a)	59,906,517	57,856,852

(a) Share capital movement during the period

	Consolidated 2023 No.	$	2022 No.	$
Balance at beginning of the reporting period	651,142,760	57,856,852	518,158,232	41,649,827
Shares issued during the year (i)	8,878,490	623,270	123,389,811	15,203,635
Share Issue Costs (ii)	-	-	-	(264,057)
Shares issued under long term incentive plan (iii)	18,641,485	1,398,484	9,594,718	1,267,447
Shares issued under salary sacrifice share scheme (iii)	569,614	27,911		
Balance at end of period	**679,232,349**	**59,906,517**	**651,142,761**	**57,856,852**

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

2023 financial year

(i) SenSen issued the following shares in the 12 months ended 30 June 2023:

- Scancam deferred consideration payment via share issue
  On 7 November 2022 the company issued 8,878,490 shares at a price of $0.0702 as the first of two deferred consideration payments payable for the acquisition of Scancam in July 2021.

(ii) Employee Long Term Incentive Plan:

- On 9 December 2022 18,641,485 shares were issued in relation to the Group's long term incentive plan

(iii) Salary Sacrifice Share Scheme

In May 2023 the company launched an employee salary sacrifice share scheme whereby management were invited to sacrifice 20% of their salary in exchange for SenSen shares. In addition to the 20%, employees entering into the plan also received an additional 2% of their monthly salary as shares. 569,614 shares were issued under this plan in June.

2022 financial year

(iv) SenSen issued the following shares in the 12 months ended 30 June 2022:

- Scancam acquisition share issue
  On 20 July 2021, SenSen Networks Limited successfully completed the acquisition of Scancam Industries Pty Ltd. 39,285,715 shares were issued on this date as part of the consideration paid based on the published share price on 20 July 2021 of $0.13 per share.

- Share placements
  - On 9 November 2021, the Group completed a placement of 30,000,000 shares at $0.12 per share to institutional and sophisticated investors. The share price on the date of issue was $0.12.
  - On 21 December 2021, the Group completed a placement of 5,000,000 shares to Subhash Challa (Chairman and CEO) and David Smith (Executive Director and COO) at $0.12 per share. The share price on the date of issue was $0.12 per share.
  - On 23 December 2021, the Group completed a placement of 25,000,000 shares at $0.12 per share. The share price on the date of issue was $0.12 per share.

22. ISSUED CAPITAL (CONTINUED)

- Share purchase plan
  On 20 December 2021, the Group raised $2,796,500 via a share purchase plan in which 23,304,096 shares were issued at $0.12 per share. The share price on the date of issue was $0.12 per share.
- Contractor / Employee
  800,000 shares on 25 May 2022 for services provided by a third-party consultant. The equity movement has been accounted for at the fair value of the services received, in accordance with AASB 2 Share-based Payment.

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

(vi) Employee Long Term Incentive Plan

On 24 December 2021, 9,594,718 shares were issued in relation to the Group's long term incentive plan. Refer Note 30 for further details.

(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.

23. RESERVES

		Consolidated	
		2023	**2022**
		$	**$**
(a)	**Other Reserves**		
	Share-based payment reserve	4,357,019	5,575,665
	Foreign currency translation reserve	40,147	(98,525)
		4,397,166	**5,477,140**
(b)	**Movements**		
	Foreign exchange translation reserve		
	Balance at beginning of financial year	(98,525)	(72,424)
	Currency translation differences arising during the year	138,672	(26,101)
	Balance at end of financial year	**40,147**	**(98,525)**
	Share-based payment reserve		
	Balance at beginning of financial year	5,575,665	3,669,759
	Share-based payment expense	207,749	3,173,353
	Transfer from reserves	(1,426,395)	(1,267,447)
	Balance at end of financial year	**4,357,019**	**5,575,665**

(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.

24. CONTINGENT LIABILITIES

On 16 December 2022, the company announced that it had been served with Federal Court of Australia proceedings by the solicitors for Angel Group Co., Ltd and Angel Australasia Pty Ltd (Angel) whereby it is alleged that SenSen has infringed two of Angel's Australian patents.

The company subsequently announced on 24 April 2023 that similar proceedings had commenced in Branch 148 of the Regional Trial Court, Makati City in the Philippines. While SenSen continues to vigorously defend itself against these proceedings, the costs of SenSen's legal defence are covered under SenSen's intellectual property insurance.

At this stage in the proceedings, it is not yet practicable to estimate the financial outflows, if any, that may result from this claim.

25. RELATED PARTY TRANSACTIONS

(a) Shareholder Loan

During the period Subhash Challa loaned the company $200,000 in November 2022, which was repaid with interest of $1,128.55 on 2 January 2022. Subhash Challa also loaned the company $500,000 in April 2023 which remains outstanding as at 30 June 2023. Both loans were made under the existing loan agreement between Subhash Challa and SenSen Networks Limited.

There were no other related party transactions during the period other than those shares issued via the LTI plan noted in Note 22, Issued Capital.

26. EVENTS AFTER THE REPORTING PERIOD

In July 2023 all remaining staff who joined SenSen as part of the Scancam acquisition in July 2021 were made redundant. This was done as part of an effort to fully integrate the Scancam business into SenSen and gain cost efficiencies through centralised management. As a result of all Western Australian based staff leaving the business, the Perth office was also closed.

Following the release of audited financial statements the company is due to settle the second and final deferred consideration amount payable to former shareholders of Scancam which was acquired in July 2021. Consideration for this settlement is expected to be via a share issue of 17,036,806 fully paid ordinary shares.

27. INTEREST IN SUBSIDIARIES

The following are subsidiaries of the group, are controlled entities and have been consolidated at 30 June 2023.

(a) Controlled entities consolidated

Name of subsidiary	Country of incorporation	Equity interest* 2023	Equity interest* 2022
SenSen Networks Group Pty Ltd	Australia	100%	100%
SenSen Networks Operations Pty Ltd	Australia	100%	100%
SenSen Networks Gaming Pty Ltd	Australia	100%	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 Canada Ltd	Canada	100%	100%
Scancam Industries Pty Ltd*	Australia	100%	100%
Scancam Leasing Pty Ltd**	Australia	100%	100%
Scancam Operations Pty Ltd***	Australia	100%	100%
Fuel Recovery Services Australia Pty Ltd****	Australia	100%	100%

*Scancam Industries Pty Ltd was acquired by SenSen Networks on 20 July 2021
**Scancam Leasing Pty Ltd was acquired by SenSen Networks on 20 July 2021
***Scancam Operations Pty Ltd was acquired by SenSen Networks on 20 July 2021
****Fuel Recovery Services Australia Pty Ltd was acquired by SenSen Networks on 20 July 2021

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel compensation

	Consolidated 2023 $	Consolidated 2022 $
Short-term employee benefits	1,033,022	1,141,113
Post-employment benefits	104,785	111,779
Long-term benefits	4,206	29,137
Share-based payments	101,297	1,280,268
	1,243,310	2,562,297

Detailed remuneration disclosures are provided in the Remuneration Report on pages 19 to 27.

(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.

29. SHARE BASED PAYMENTS

Share Based Payments were made under both the Salary Sacrifice Share Scheme and the management Long Term Incentive programs in the year ended 30 June 2023.

Salary Sacrifice Share Scheme

In May 2023 the company launched an employee salary sacrifice share scheme whereby management were invited to sacrifice 20% of their salary in exchange for SenSen shares. In addition to the 20%, employees entering into the plan also received an additional 2% of their monthly salary as shares. 569,614 shares were issued under this plan in June.

The plan commenced on 1 May 2023 and has an end date of 30 June 2024, however the company retains the option to terminate the plan at any time, and employees retain the right to opt out of the plan throughout its duration. As at 30 June 2023, $31,844 has been recognised as a share based payment to key management personnel under this scheme.

The following share rights were issued as part of compensation to key management personnel during the year ended 30 June 2023, 30 June 2022 and 30 June 2021. No options over ordinary shares were issued as part of compensation to employees during the year ended 30 June 2023, 30 June 2022 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 shares to be issued will be calculated as follows:

- An agreed percentage of eligible employee's annual salary;
- Number of shares to be issued based on the 5 day Volume Weighted Average Price (VWAP) prior to the Company's Financial Year results announcement.
- A combination of an eligible employee's length of service and the Company meeting internal measure targets in the most recent Financial Year. Internal measure targets include:
  - Continual service period;
  - Revenue hurdles; and
  - EBITDA hurdles.

These hurdles are considered non-market vesting conditions and the probability of being met is taken into account when determining the expense to be recognised in each period.

The rights to shares were granted after 15 July 2021 (therefore with no impact in the 30 June 2021 financial year), and vest annually if the following three targets are achieved by SenSen employees:

Grants		Target measures			
Financial Year	**Grant dates [1]**	**Service**	**Revenue Target**	**Revenue Stretch**	**EBITDA**
2020/2021	Various	50%	40%	20%	10%
2021/2022	Various	50%	40%	20%	10%
2022/2023	Various	50%	40%	20%	10%

[1] For the different relevant employees

The actual number of shares to be issued to each employee is based on the above fixed percentages of their salary at grant date. A summary of the value expensed, and the number of shares issued is detailed below.

Share rights to these three grants vest annually once the Company issues its Annual Report on or around 30 September. This report will provide revenue and EBITDA results that will be used to determine 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:

29. SHARE BASED PAYMENTS (CONTINUED)

Annual Hurdles/Targets

Service Target

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

The service target is assessed each year at 30 June.

Revenue Target

- First vesting date Revenue 40% greater than FY2020 Revenue recorded in the 30 June 2021 Annual Report
- Second vesting date Revenue 25% greater than hurdle - revenue established at first vesting date (i.e. audited full year revenue for FY2022)
- Third vesting date Revenue 25% greater than hurdle Revenue established at second vesting date (i.e. audited full year revenue for FY2023)
- Continued service to vesting date

EBITDA Target

- First vesting date EBITDA 25% greater than FY2020 EBITDA recorded in the 30 June 2021 Annual Report
- Second vesting date EBITDA 25% greater than hurdle EBITDA established at first vesting date (i.e. audited full year EBITDA for FY2022)
- Third vesting date EBITDA 25% greater than hurdle EBITDA established at second vesting date (i.e. audited full year EBITDA for FY2023)
- Continued service to vesting date

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 based on the relevant percentage of the employee salary.

For 2021 the Revenue and EBITDA targets were met and the EBITDA Stretch target was not met as shown below:

Target Measure	Target $	Actual Result	Target met?
Revenue	$5,268,936	$5,532,537	Yes
EBITDA	($2,322,738)	($2,280,897)	Yes
EBITDA Stretch	($2,013,040)	($2,280,897)	No

For 2022 the Revenue and Revenue Stretch targets were met and the EBITDA target is not expected to be met as shown below:

Target Measure	Target $	Actual Result	Target met?
Revenue	$6,915,671	$9,145,423	Yes
EBITDA	($1,710,673)	($10,500,744)	No
Revenue Stretch	$7,468,925	$9,145,423	Yes

For 2023 the EBITDA target was met, however the Revenue and Revenue Stretch target were not met as shown below:

Target Measure	Target $	Actual Result	Target met? [1]
Revenue	$11,431,779	$10,796,523	No
EBITDA	($7,875,558)	($5,509,652)	Yes
Revenue Stretch	$12,346,321	$10,796,523	No

[1] Represents current expectations for each target.

29. SHARE BASED PAYMENTS (CONTINUED)

Year [3]	Grant Date	Vest date	Service $ 50%	Revenue $ 40%	EBITDA $ 10%	Revenue – Stretch $ 20%	Discretionary Grant $ N/A	Total $	Shares issued [1]
2021	Various	On grant date	497,415	533,637	33,409	-	102,986	1,267,447	9,594,718 [2]
2022	Various	30 June 2022	654,162	584,087	-	116,817	9,405	1,364,471	6,772,485 [2]
2023 [2]	Various	30 June 2023	530,299	-	139,826	-	-	670,125[4]	N/A
Total			**1,681,876**	**1,117,724**	**173,235**	**116,817**	**112,391**	**2,631,918**	

[1] Final number of shares to be issued will be determined based on a five-day VWAP of the Company's share price prior to the lodgment of the Annual Report.
[2] The shares relating to FY22 performance were issued on 9 December 2022. The shares relating to FY21 performance were issued on 24 December 2021.
[3] Being the year for which employees criteria for which performance criteria for vesting are assessed.
[4]For the 2023 rights, $541,435 had been recognised as share-based payment expense in prior year. It had previously been assessed that it was likely that the revenue target would be met. The pro-rata expense for 2023 is $128,690

a) 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 2022 or 30 June 2023.

LTI Incentive Options and General Options

Share options outstanding at the end of the year follows:

2023

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
None	None	N/A	-	-	-	-	-
			-	-	-	-	**-**

2022

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
20/03/2018	30/09/2021	$0.155 (i)	15,854,256	-	-	(15,854,256)	-
			15,854,256	-	-	(15,854,256)	**-**

(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) Expired during the 2022 financial year

There were no LTI options granted during the year ended 30 June 2023 and 30 June 2022. There were no options that expired during the year-ended 30 June 2023 (2022: 15,854,256).

30. 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 2023 and 2022:

(a) Summary financial information

	Parent entity	
	2023	2022
	$	$
Statement of profit or loss and other comprehensive income		
Loss for the year	(1,346)	(118)
Other comprehensive income	-	
Total comprehensive loss for the year	(1,346)	(118)
Statement of financial position of the parent entity at year end		
Current assets	2,428	3,774
Non-current assets	-	-
Total assets	**2,428**	**3,774**
Current liabilities	-	-
Non-current liabilities	939,248	939,248
Total liabilities	**939,248**	**939,248**
Net assets	**(935,474)**	**(935,474)**
Issued capital	40,322,041	40,322,041
Accumulated losses	(41,258,861)	(41,257,515)
Total equity	**(936,820)**	**(935,474)**

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees at the 30 June 2023 and 30 June 2022.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 and 30 June 2022.

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

As at the 30 June 2023, 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.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

	Consolidated	
	2023	**2022**
	$	**$**
Financial assets		
Cash and cash equivalents	1,897,681	6,213,860
Trade and other receivables	1,467,415	1,943,338
Contract assets	424,229	561,671
	3,789,325	**8,718,869**
Financial liabilities		
Trade payables	1,697,690	1,238,557
Borrowings	3,101,458	1,954,375
	4,799,148	**3,192,932**

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 Indian Rupee, the operating currency for the US subsidiary is US Dollars, the operating currency for the Singapore subsidiary is Singapore Dollars, and the operating currency for the Canadian subsidiary is Canadian Dollars.

(b) Interest Risk

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 7.82% on the business loan.

The company maintains a working capital facility with Rockinghorse Group of $1,604,180 which in repaid annually upon receipt of the company's R&D grant. This loan incurs interest at a rate of 15.0% p.a.

Group sensitivity

At 30 June 2023 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 $15,507. (2022: $9,771)

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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 2023 and Credit risk is reviewed regularly by the Board.

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.

For the year ended 30 June 2023, the Group has considered whether the expected loss rates are required to be increased due to the uncertain economic environment.

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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 2023. 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 2023.

2023	Total $	< 6 Mths $	6-12 Mths $	1-5 Yrs $
Financial assets				
Cash and cash deposits	1,897,681	1,897,681	-	-
Trade and other receivables	1,467,415	1,467,415	-	-
Contract assets	424,229	424,229	-	-
	3,789,325	**3,789,325**	**-**	**-**
Financial liabilities				
Trade and other payables	1,697,690	1,697,690	-	-
Borrowings	3,101,458	2,069,347	1,032,111	-
Lease liabilities	1,377,667	143,440	143,440	1,090,787
Contingent consideration	887,154	887,154		
	7,063,969	**4,797,631**	**1,175,551**	**1,090,787**
Net maturity	**-3,274,644**	**-1,008,306**	**-1,175,551**	**-1,090,787**

2022	Total $	< 6 Mths $	6-12 Mths $	1-5 Yrs $
Financial assets				
Cash and cash deposits	6,213,860	6,213,860	-	-
Trade and other receivables	1,943,338	1,943,338	-	-
Contract assets	561,671	561,671	-	-
	8,718,869	**8,718,869**	**-**	**-**
Financial liabilities				
Trade and other payables	1,238,557	1,238,557	-	-
Borrowings	1,504,375	1,504,375	-	-
Lease liabilities	368,254	128,141	57,287	182,826
Contingent consideration	1,362,565	623,270		739,295
	4,473,751	**3,494,343**	**57,287**	**922,121**
Net maturity	**4,245,118**	**5,224,526**	**-57,287**	**-922,121**

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, noting however that cash inflows from new sales are expected to cover the net maturity deficit in the near term.

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 31-70:

   (a) comply with Australian Accounting Standards and interpretations, and *Corporations Act 2001* and *Corporations Regulations 2001*, which confirms compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board; and

   (b) give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on 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 when they become due and payable; and

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

Subhash Challa
Chairman
Dated: 29 Sep 2023

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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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2023 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 2023, 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.

Impairment assessment of Goodwill and Other Intangible Assets and determination of Cash Generating Units ("CGU's")

Key audit matter	*How the matter was addressed in our audit*
The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 15. The carrying value of intangible assets represent a significant asset of the Group. The Group is required to annually test the amount of goodwill and indefinite useful life intangible assets for impairment and assess other intangible assets for impairment indicators. This annual impairment test was significant to our audit because the goodwill and intangible assets balance is material to the financial statements and because management's assessment process, including the determination of CGU's, is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions.	Our procedures included, amongst others: • Evaluating management's determination of the Group's Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the entity • Evaluating management's process regarding the valuation of the Group's goodwill and other intangible assets • Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure and discount rates used to determine the recoverable amount of its assets • Assessing the historical accuracy of forecasting of the Group by comparing the current year actual results with the figures included in prior year forecasts to consider whether any forecasts included assumptions, that with hindsight, had been optimistic • Involving our internal specialists to assess the discount rates and terminal growth rates against comparable market information • Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used.

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 2023, 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 19 to 27 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of SenSen Networks Limited, for the year ended 30 June 2023, 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

T Mann

T R Mann
Director

Brisbane, 29 September 2023

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 26 September 2023.

(a) Distribution of equity securities

There are 681,224,181 fully paid ordinary shares held by 2,159 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	151	61,914	0.01
1,001-5,000	505	1,510,530	0.22
5,001-10,000	288	2,311,674	0.34
10,001-100,000	712	28,136,643	4.13
100,001 over	498	649,203,420	95.30
Totals	**2,154**	**681,224,181**	**100**
Holding less than a marketable parcel	857	3,014,118	0.44

(b) Substantial shareholders

Name	Number	Percentage
EQUITY PLAN SERVICES PTY LTD	153,979,262	22.6%
MIZIKOVSKY GROUP	93,441,413	13.7%
MR SUBHASH CHALLA	88,523,186	13.0%
ZENON PASIECZNY/SAPHET CAPITAL MANAGEMENT PTY LTD	47,126,259	6.9%

ASX Additional Information (Unaudited)

(c) Twenty largest holders of quoted equity securities

	Ordinary shareholders	Fully Paid Number	Fully Paid Percentage
1.	EQUITY PLAN SERVICES PTY LTD	153,979,262	22.60
2.	RAINROSE PTY LTD	60,288,316	8.85
3.	ADAPTALIFT INVESTMENTS PTY LTD	32,332,599	4.75
4.	MR SUBHASH CHALLA	28,778,002	4.22
5.	ANKLA PTY LTD	28,379,721	4.17
6.	CITICORP NOMINEES PTY LIMITED	26,180,158	3.84
7.	SAPHET CAPITAL MANAGEMENT PTY LTD	22,262,395	3.27
8.	MR WILLIAM MORAN	9,232,976	1.36
9.	SUNSTAR AUSTRALIA PTY LTD	9,024,959	1.32
10.	BNP PARIBAS NOMINEES PTY LTD	8,587,589	1.26
11.	MR SATISH GUPTA	6,874,701	1.01
12.	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	5,774,849	0.85
13.	MR SHARATHCHANDRA REDDY GUNUPATI	5,632,915	0.83
14.	GASMERE PTY LTD	5,566,000	0.82
15.	MR DAVID EDWARD SMITH	5,050,654	0.74
16.	MR VENKATESWARA PRASAD GUNUPATI	4,822,335	0.71
17.	AA&J SCHMIDT HOLDINGS PTY LTD <AA&J SCHMIDT FAMILY A/C>	4,266,500	0.63
18.	MRS LAXMI CHALLA	4,033,409	0.59
19.	K R KHATRI (DENTAL) PTY LTD <R K & K R KHATRI S/F A/C>	4,000,000	0.59
20.	MR SUBHASH CHALLA & MS LALITHA VADLAPALLI <CHALLA SUPER FUND A/C>	2,733,333	0.40
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	**427,800,673**	**62.80**
	Total Remaining Holders Balance	**253,423,508**	**37.20**

UNQUOTED SECURITIES

There are no unquoted securities at 30 June 2023.