

ASX PRELIMINARY FINAL REPORT

SenSen Networks Limited

And Controlled Entities

ABN 67 121 257 412

30 June 2022

Lodged with the ASX under Listing Rule 4.3A

Contents

Results for Announcement to the Market	2
Preliminary Consolidated Statement of Profit and Loss and Other Comprehensive Income	4
Preliminary Consolidated Statement of Financial Position	5
Preliminary Consolidated Statement of Changes in Equity	6
Preliminary Consolidated Statement of Cash Flows	7
Supplementary Appendix 4E Information	8

This report covers the consolidated entity consisting of SenSen Networks Limited and its controlled entities. The preliminary financial report is presented in Australian dollars.

SenSen Networks Limited Year ended 30 June 2022

Details of the reporting period

Current period: 12 months ending 30 June 2022 (FY22)			
Prior period: 12 months ending 30 June 2021 (FY21)			
RESULTS FOR ANNOUNCEMENT TO MARKET			
		2022 \$	2021 \$
Revenue from ordinary activities	Up 65% to	9,145,423	5,532,537
Loss after tax attributable to members	Up 307% to	(12,292,155)	(3,021,747)
Total comprehensive loss for the year attributable to owners	Up 314% to	(12,318,256)	(2,978,420)

Dividends

There were no dividends paid or proposed for the period. The Group does not have a dividend re-investment plan.

Commentary on the results for Financial Year 2022

Financial Result

SenSen Networks Limited achieved record-breaking revenues for FY22 of \$9.1M with 65% growth year-on-year proforma basis, with forward looking ARR (MRR x12) closing in on \$8M. This result included revenue of \$2.4M contributed by Scancam (acquired in July 2021) that positively contributed to the consolidated result for FY22.

SenSen's FY22 zero churn rate and a customer net retention rate ('NRR') of 103% reflect the value we bring to improving the business operations and service experiences of our customers. We have seen strong renewals and extensions from customers such as Brisbane City Council, City of Las Vegas, Chicago Parking Meters, Changi International Airport, City of Calgary, Crown Resorts, Solaire Resort and Casino, AMPOL, Chevron and Euro Garages.

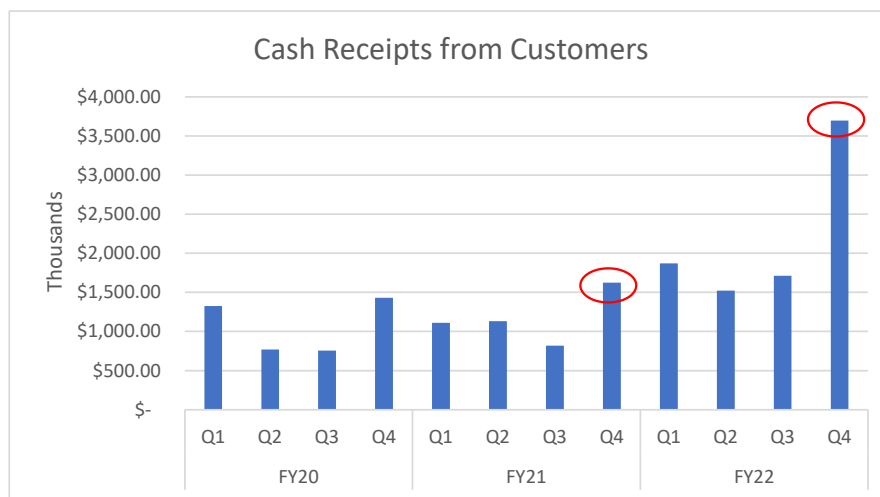
Our operational loss for the period (unaudited) of \$12.3M is composed of \$6.6M of non-cash and/or one-off expenses and \$5.7M cash loss to support strategic investment in sales and marketing resources, IT infrastructure investments to support global delivery. The non-cash and/or one-off expenses \$6.6M include:

- \$3.2M relating to share-based payment,
- \$1.1M Amortisation and depreciation,
- \$1.6M normalised salary adjustment in FY22, to cope with an increasingly competitive global IT/tech environment for AI engineers,
- \$0.5M One-off professional service costs (focused on business development management initiatives) and also included within the result for FY22 were additional audit and legal costs flowing on from M&A activities,
- \$0.2M Fair value loss.

Staff costs amounted to \$4.6M in FY21 due to mapping in prior year. Also, Staff costs increased in FY22 to include Scancam (new retail segment) salaries of \$1M.

Cash flows

The Company recorded Q4 cash receipts from customers of A\$3.7M, a 128% increase over the PCP in Q4 FY21 and a A\$2M (118%) improvement from Q3's cash receipts from customers of A\$1.7M.



This strong top-line growth helped the Company conclude the financial year for 2022 in a strong cash position, posting \$6.2M in cash and cash equivalents with unused finance facilities available of \$1.8M. The cash position at 30 June 2022 included monies subsequently reconciled after year end that were consolidated by the Company.

As advised in the June 2022 Quarterly Activities & Cashflow Report, SenSen is driving towards cash-flow positivity and profitability, delivering increased MRR and reduced costs in FY23. Management continues to review SenSen’s cost base to ensure the business is operating at maximum efficiency. So far, this review has led to actions taken to decrease the operational cost base in FY23 including reductions in staff costs, professional services, IT, travel and administrative costs. These cost reductions have been carefully implemented to avoid any impact on the Company’s ability to continue aggressively growing its revenue. The cost base is now largely fixed and not expected to materially increase in the near term as the Company continues to expand revenue.

Other

Despite COVID-19 disrupting the business operations of our clients, our growth in international markets has been unhampered. During Q4 FY22, SenSen won multiple contracts from new and existing global customers covering all business verticals including Smart Cities, Casinos, Fuel Retail and Surveillance with total minimum contract value amounting to \$3.8M in both upfront and Software as a Service (SaaS) recurring revenues from FY23.

SenSen continued to invest in our R&D pipeline in FY22, filing four additional patents to consolidate our technical leadership position within the global AI, Internet of Things and Video Analytic solutions space. This adds to our four patents already awarded. More patent applications are in the pipeline with strong progress in developing innovative and patentable products and solutions across our five business verticals.

Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2022

		Consolidated	
		2022	2021
	Note	\$	\$
Revenue from contracts from customers			
Sales Revenue	9	9,145,423	5,532,537
Cost of sales		(3,512,830)	(2,029,646)
Gross Profit		<u>5,632,593</u>	<u>3,502,891</u>
Other income		2,977,606	2,806,681
Interest income		8,632	5,698
Expenses			
Administration expense		(2,083,319)	(2,063,360)
Advertising and Marketing expense		(816,010)	(212,905)
Consulting expense		(3,639,972)	(3,049,132)
Finance cost		(262,408)	(181,484)
Occupancy cost		(410,221)	(179,793)
Staff cost		(8,868,494)	(2,853,035)
Technology Costs		(1,511,697)	(719,478)
Share based payments		(3,173,353)	(72,288)
Fair value gain/(loss)		(153,565)	-
Loss before income tax		(12,300,208)	(3,016,205)
Income tax benefit/(expense)		8,053	(5,542)
Net loss for the period		(12,292,155)	(3,021,747)
Loss attributable to members of the parent entity		(12,292,155)	(3,021,747)
		<u>(12,292,155)</u>	<u>(3,021,747)</u>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain/(loss) on translation of foreign controlled entities		(26,101)	43,327
Total other comprehensive income		<u>(12,318,256)</u>	<u>(2,978,420)</u>
Total comprehensive loss for the period attributable to:			
- Members of the parent entity		<u>(12,318,256)</u>	<u>(2,978,420)</u>
Loss per share:			
Basic and diluted loss per share (cents)	7	<u>(2.02)</u>	<u>(0.62)</u>

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Financial Position

As at 30 June 2022

		Consolidated	
	Note	2022 \$	2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,213,860	5,176,463
Trade and other receivables	10	1,943,338	978,742
Contract assets		561,671	348,170
Inventory		231,790	241,394
Other assets		2,440,441	1,277,349
Total Current Assets		11,391,100	8,021,848
Non-Current Assets			
Intangibles	18	2,649,352	916,667
Goodwill	18	5,632,016	383,399
Right of use asset		335,780	409,102
Other assets		74,691	67,642
Property, plant and equipment	11	434,666	390,820
Total Non-Current Assets		9,126,505	2,167,630
TOTAL ASSETS		20,517,605	10,189,478
LIABILITIES			
Current Liabilities			
Trade and other payables	12	1,238,557	750,357
Contract liabilities	12	1,156,667	521,874
Other liabilities	12	1,449,175	937,057
Contingent consideration liability		1,362,565	-
Employee benefits	12	652,314	263,687
Lease liabilities		185,428	305,659
Borrowings	13	1,954,375	861,280
Total Current Liabilities		7,999,081	3,639,914
Non-Current Liabilities			
Employee benefits	12	18,577	105,983
Lease liabilities		182,826	138,129
Deferred tax liabilities		305,013	-
Total Non-Current Liabilities		506,416	244,112
TOTAL LIABILITIES		8,505,497	3,884,026
NET ASSETS		12,012,108	6,305,452
EQUITY			
Issued capital	14	57,768,833	41,649,827
Reserves	15	5,477,140	3,597,335
Accumulated losses	3	(51,233,865)	(38,941,710)
TOTAL EQUITY		12,012,108	6,305,452

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2020	33,159,693	(35,919,963)	3,481,720	721,450
Loss for the period	-	(3,021,747)	-	(3,021,747)
Other comprehensive income for the period	-	-	43,327	43,327
Total comprehensive loss for the period	-	(3,021,747)	43,327	(2,978,420)
Transactions with owners in their capacity as owners				
Shares issued during the year	8,597,634	-	-	8,597,634
Capital raising costs	(107,500)	-	-	(107,500)
Share based payments	-	-	72,288	72,288
Total transactions with owners for the period	8,490,134	-	72,288	8,562,422
Balance at 30 June 2021	41,649,827	(38,941,710)	3,597,335	6,305,452
Loss for the period	-	(12,292,155)	-	(12,292,155)
Other comprehensive loss for the period	-	-	(26,101)	(26,101)
Total comprehensive loss for the period	-	(12,292,155)	(26,101)	(12,318,256)
Transactions with owners in their capacity as owners				
Shares issued during the year	14,851,559	-	-	14,851,559
Share based payments	-	-	3,173,353	3,173,353
Transfer from reserves	1,267,447	-	(1,267,447)	-
Total transactions with owners for the period	16,119,006	-	1,905,906	18,024,912
Balance at 30 June 2022	57,768,833	(51,233,865)	5,477,140	12,012,108

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying supplementary Appendix 4E information.

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		8,829,968	4,676,093
Payments to suppliers and employees		(18,484,693)	(9,545,50)
Interest received		1,318	3,683
Finance costs		(74,108)	(131,037)
Government grants received		2,022,853	1,618,995
Income tax paid		(231,649)	(31,204)
		<u>(7,936,311)</u>	<u>(3,408,976)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired		(1,010,042)	-
Purchase of plant and equipment	11	(220,213)	(252,554)
		<u>(1,230,255)</u>	<u>(252,554)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from issue of shares		9,996,500	7,150,000
Repayment of lease liabilities		(473,533)	(252,848)
Proceeds from borrowings		2,300,000	880,000
Repayment of borrowings		(1,266,927)	(1,294,301)
Transaction cost related to issue of shares		(352,076)	(107,500)
		<u>10,203,964</u>	<u>6,375,351</u>
Net cash provided by financing activities			
Net increase in cash and cash equivalents		1,037,397	2,713,821
Cash and cash equivalents at beginning of the financial year		5,176,463	2,462,642
		<u>6,213,860</u>	<u>5,176,463</u>
Cash and cash equivalents at end of financial year			

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying supplementary Appendix 4E information.

Supplementary Appendix 4E Information

1. Statement of significant accounting policies

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by SenSen Networks Limited during the reporting period in accordance with the continuous disclosure requirements of Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

The preliminary financial report, comprising the financial statements and notes of SenSen Networks Limited and its controlled entities, complies with the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The principal accounting policies adopted in the preparation of the preliminary financial report are consistent with those of the previous financial year.

2. Material factors affecting the economic entity for the current period

The loss of the Group for the financial year after income tax amounted to \$12,292,155 (2021: loss of \$3,021,747).

An analysis of underlying adjusted net loss in the current period which is calculated after excluding the effects of costs incurred but not expected to occur in the future, or non-cash expenses, are outlined below:

	Consolidated	
	2022	2021
	\$	\$
Net loss for the year after tax	(12,292,155)	(3,021,747)
Add back: Share-based payment expense	3,173,353	72,288
Add back: Depreciation and amortisation	1,113,063	553,801
Add back: Normalised salary adjustments in FY22	1,590,671	-
Add back: One-off professional service expense	512,598	-
Add back: Fair value adjustment	153,565	-
Adjusted Net loss for the year after tax	(5,748,905)	(2,395,658)

The Share-based payment expense reflects the pro-rata expense for performance rights relating to the period 2021-2023 in accordance with AASB 2 Share-based payment.

3. Retained Earnings

	Consolidated	
	2022	2021
	\$	\$
Balance 1 July	(38,941,710)	(35,919,963)
Net loss for the year	(12,292,155)	(3,021,747)
Balance 30 June	(51,233,865)	(38,941,710)

4. Additional Dividend Information

There were no dividends paid or proposed during the year (2021: nil).

5. Dividend Reinvestment Plan

The company has no dividend reinvestment plan in operation.

6. NTA Backing

	Consolidated	
	2022	2021
	\$	\$
Net tangible asset backing per ordinary share	\$0.01	\$0.01

7. Loss per share

	Consolidated	
	2022	2021
	\$	\$
Basic loss per share (cents per share)	(2.02)	(0.62)
Diluted loss per share (cents per share)	(2.02)	(0.62)
Loss used in calculating EPS	(12,292,155)	(3,021,747)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	607,647,409	484,148,628
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:	(12,292,155)	(3,021,747)

8. Share Buyback

The company had no on-market buy back in operation during the year ended 30 June 2022 or the year ended 30 June 2021.

9. Segment information

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.

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

- Smart Cities
- Gaming
- Retail

Segment Revenues and Results

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

	Smart Cities \$	Gaming \$	Retail \$	Consolidated \$	Smart Cities \$	Gaming \$	Retail \$	Consolidated \$
	2022				2021			
Segment performance revenue								
Point in Time	2,060,768	550,452	1,306,230	3,917,450	2,292,252	566,464	0	2,858,716
Over Time	3,816,827	276,789	1,134,357	5,227,973	2,513,372	160,449	0	2,673,821
Total revenue	5,877,595	827,241	2,440,587	9,145,423	4,805,624	726,913	0	5,532,537
Cost of Sales	(2,081,349)	(253,694)	(1,177,787)	(3,512,830)	(1,623,260)	(406,386)	0	(2,029,646)
Gross Profit	3,796,246	573,547	1,262,801	5,632,594	3,182,364	320,527	0	3,502,891
% Gross Profit	64.6%	69.3%	51.7%	61.6%	66.2%	44.1%	0	63.3%
Staff Cost (Direct)	(2,154,131)	(763,884)	(977,795)	(3,895,811)	(1,019,133)	(566,901)	0	(1,586,034)
Segment Contribution	1,642,114	(190,337)	285,006	1,736,783	2,163,230	(246,373)	0	1,916,857
Other Income				2,986,237				2,812,380
Total revenue and other income				12,131,661				8,344,917
Indirect Expenses								
Administration expense				(2,083,318)				(2,063,360)
Advertising & Marketing				(816,010)				(212,905)
Consulting expense				(2,570,602)				(2,266,088)
Finance Cost				(262,408)				(181,484)
Occupancy Cost				(410,221)				(179,793)
Staff Costs				(6,042,053)				(2,050,045)
Technology Costs				(1,511,697)				(719,478)
Share Based Payments				(3,173,353)				(72,288)
Fair value gain or loss				(153,565)				0
Total Indirect Expenses				(17,023,227)				(7,745,441)
Net loss for the period before tax				(12,300,208)				(3,016,204)
Depreciation and amortisation				(1,113,063)				(544,738)
Share-based payment expense				(3,173,353)				(72,288)

10. Trade and other receivables

	2022 \$	Consolidated 2021 \$
CURRENT		
Trade receivables	2,041,683	1,000,489
Loss allowance	(98,345)	(21,747)
	1,943,338	978,742

11. Property, plant and equipment

	Motor Vehicles \$	Furniture & Equipment \$	Computer Equipment \$	Total \$
30 June 2021				
Opening net book value	18,498	11,368	323,045	352,911
Additions/disposals	29,668	982	221,904	252,554
Other movements	9,772	-	(17,699)	(7,927)
Depreciation and amortisation	(13,864)	(1,931)	(190,923)	(206,718)
Balance at 30 June 2021	44,074	10,419	336,327	390,820

At 30 June 2021				
Cost	67,547	46,690	830,550	944,787
Accumulated depreciation	(23,473)	(36,271)	(494,223)	(553,967)
Net book balance	44,074	10,419	336,327	390,820

	Motor Vehicles \$	Furniture & Equipment \$	Computer Equipment \$	Total \$
30 June 2022				
Opening net book value	44,074	10,419	336,327	390,820
Additions/disposals	-	-	220,213	220,213
Depreciation and amortisation	(14,499)	(2,118)	(159,750)	(176,367)
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

12. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Current		
Trade payables	1,238,557	750,357
Accruals and other payables	1,449,175	937,057
Employee benefits	652,314	263,687
Contract liabilities	1,156,667	521,874
Contingent Contract Liability	1,362,565	-
	5,859,278	2,472,975
Non-Current		
Employee benefits	18,577	105,983
	18,577	105,983

All trade and other payables are expected to be settled within 12 months.

13. Borrowings

	Consolidated	
	2022	2021
	\$	\$
(a) Bank loan	450,000	450,000
Other loan	1,504,375	411,280
Total Current Borrowings	1,954,375	861,280

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 4.57% is charged. The loan was renewed in December 2020. The loan is secured by a letter of set-off between the Group and Commonwealth Bank over a Term Deposit.

b) Other loan

A short-term working capital loan of \$380,000 was agreed with Rocking Horse Nominees Pty Ltd ('Rocking Horse') in December 2020. This loan, together with accrued interest of \$31,280 was owing at 30 June 2021.

The Company took a further loan from Rocking Horse of \$800,000 in August 2021, increasing the principal to \$1,180,000. Interest of \$55,647 accrued on this second loan.

Both of the above loans and interest totalling \$1,266,927 were repaid in full on 22 November 2021 through a Research and Development grant via the Company's tax return for 30 June 2021.

A new loan of \$1,500,000 was taken with Rocking Horse on 24 June 2022 in advance of the Company receiving a refund through a Research and Development grant via the Company's tax return for 30 June 2022. Fixed rate interest of 15% is charged, interest of \$4,375 has accrued on this loan to 30 June 2022. The loan is secured over the Company's net assets.

14. Issued capital

	Note	Consolidated	
		2022	2021
		\$	\$
Ordinary shares	(a)	57,768,833	41,649,827
(a) Share capital movement during the period			
		Consolidated	
		2022	2021
		No.	No.
		\$	\$
Balance at beginning of the reporting period		518,158,232	447,236,086
Shares issued during the year		123,389,811	70,922,146
(i)			
Share issue costs		-	-
Share issued under long term incentive plan (ii)		(352,076)	(107,500)
Balance at end of period		651,142,761	518,158,232
		57,768,833	41,649,827

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

2022 financial year

(i) 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.
- 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.

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

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.

(ii) 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.

Employee Share Ownership Plan

During the period shareholders approved the Board's recommendation to operate an Employee Share Ownership Plan (ESOP) for the period 2021 – 2023. The key terms of this arrangement are:

1. The ESOP Shares will be issued for nil consideration in addition to the cash remuneration.
2. Shares will be issued in approximately October 2021, 2022 and 2023 subject employee's ongoing service with the Company and Company performance. The number of shares will be calculated as follows:
 - a) An agreed percentage of eligible employee's annual salary at the date of payment.
 - b) Number of shares issued based on the 5 day Volume Weighted Average Price (VWAP) prior to the Company's Financial Year results announcement.
 - c) A combination of eligible employee's length of service and the Company meeting internal measure targets in the most recent Financial Year. Internal measure targets include:
 - 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 non-cash expense to the income statement is \$3,173,353. The Share-based payment expense reflects the pro-rata expense for performance rights relating to the period 2021-2023 in accordance with AASB 2 Share-based Payment.

2021 financial year

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

- Employee Incentive Plan
 - 3,371,052 shares on 23 July 2020. The expense in relation to this share issue was expensed as part of the share based payments in the 2020 financial year.
- Snap Surveillance
 - 9,881,423 shares on 1 December 2020 as part of the consideration, based on the published share price on 1 December 2020 of \$0.14 per share. There are 4,940,712 shares still under escrow at 30 June 2021.
- External Advisors
 - 263,158 shares on 1 December 2020 at \$0.095 per share. The share price on transaction date was \$0.14 per share. The difference between the value of the equity granted and the share price is accounted for as expense in the consolidated statement of profit or loss and other comprehensive income.
 - 101,250 shares on 21 December 2020 at \$0.095 per share. The share price on transaction date was \$0.125 per share. The difference between the value of the

equity granted and the share price is accounted for as expense in the consolidated statement of profit or loss and other comprehensive income.

- Contractor / Employee
 - 105,263 shares on 1 December 2020 at \$0.095 per share. The share price on transaction date was \$0.14. The difference between the value of the equity granted and the share price is accounted for as expense in the consolidated statement of profit or loss and other comprehensive income.
- Private Placement:
 - 57,200,000 shares in January 2021, as part of an \$7,150,000 placement to private and institutional investors, equal to approximately 11% of the total post-placement issued shares of SenSen. The placement was conducted at \$0.125 cents per share, a discount of 9.29% to the 30-day Volume Weighted Average Price (VWAP) of SenSen shares.

15. Reserves

	Consolidated	
	2022	2021
	\$	\$
Share based payment reserve	5,575,665	3,669,759
Foreign currency translation reserve	(98,525)	(72,424)
Total Reserves	5,477,140	3,597,335

16. Trends in performance

The business recorded significantly increased revenue over the previous financial year. The FY2022 revenues consisted primarily of existing recurring contracted revenue and additional orders from SenSen's Smart Cities customers in Australia and overseas, with the biggest relative contribution occurring in the first half.

In the financial year ahead, the Company expects growing revenues from both a strong pipeline of new potential clients and recurrent revenue, as well as from software as a service (SaaS) licence arrangements with existing clients.

17. Other factors that affected results in the period or which are likely to affect the results in the future

In the Smart Cities business vertical, SenSen launched the world's first AI-powered smartphone app, Gemineye, in March 2019, which offers cities around the globe access to affordable, accessible, highly accurate process automation services for smart cities. The new solution is a game changer for governments, cities and councils, offering an unprecedentedly cost-effective solution for smart city management and significantly broadening SenSen's global addressable market while reducing the timeframes for technology adoption and thereby SenSen revenue outcomes.

The impact of COVID 19 on the Company is referred to above within the 'Commentary on the results for Financial Year 2022'.

18. Controlled entities acquired or disposed of

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

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

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

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

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

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

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

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

Deferred and contingent consideration

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

19. Associates and joint venture entities

The Company did not acquire or dispose of any interests in Joint Ventures or Associates during the year.

20. Other significant information

There is no other significant information in addition to the information that has been included in this report in relation to the company's financial performance or financial position.

21. Subsequent events

There were no significant subsequent events from 1 July 2022 to the date of signing this document.

22. Audit status

This report is based on accounts which are in the process of being audited.