

SenSen Networks

Significant contract

Major contract with Heavy Vehicle Regulator

Software and comp services

SenSen has won a major contract with Australia's National Heavy Vehicle Regulator (NHVR), generating A\$1.5m in upfront revenue and c A\$500,000 in annual recurring revenue. This is a major scale-up with an existing customer, providing important validation of both SenSen's technology and its 'land and expand' strategy, while retaining significant upsell potential through expanding deployments across other NHVR jurisdictions. The deal provides good support for our FY24 forecasts and strengthens the company's prospects for delivering sustained, scalable growth.

23 November 2023

Price **A\$0.04**
Market cap **A\$28m**

Net debt (A\$m) at 30 September 2023 1.9
 Shares in issue 698.8m
 (pre upcoming share issues)
 Free float 67%
 Code SNS
 Primary exchange ASX
 Secondary exchange N/A

Year end	Revenue (A\$m)	Adj EBITDA* (A\$m)	PBT** (A\$m)	EPS** (c)	P/sales (x)	Net debt/ (cash)*** (A\$m)
06/21	5.5	(2.2)	(2.9)	(0.59)	5.1	(3.9)
06/22	9.1	(7.6)	(8.4)	(1.40)	3.1	(3.9)
06/23	10.8	(5.1)	(6.1)	(0.91)	2.6	2.6
06/24e	13.4	2.6	1.9	0.21	2.1	(2.5)

Note: *Adjusted EBITDA excludes non-cash share-based payments. **PBT and EPS are normalised, excluding amortisation of acquired intangibles, other income and exceptional items. ***Net debt includes leases.

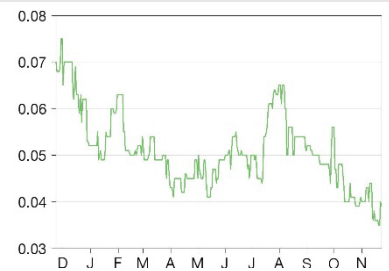
SenSen is supporting the NHVR's objective to undertake intelligence-led, risk-based heavy vehicle compliance and increase national fleet visibility. SenSen's AI solution detects passing vehicles and, using its Live Awareness technology, captures and analyses 20 data points in real time, determining whether it is a light or heavy vehicle (aggregate trailer mass of more than 4.5 tonnes) and, if the latter, passing data to the NHVR in a format that can be integrated with its existing camera network data. These cameras support officers using a risk-based safety approach, targeting major risks while identifying compliant operators to less regularly intercept on the road – watch [here](#) to see how it is used.

The contract follows on from the 2021 trial, expanding from five to 32 cameras deployed across New South Wales, South Australia, Tasmania and Victoria, with potential to expand the footprint across all NHVR jurisdictions in the future. Since 2013, NHVR has transitioned these states under the National Services Transition programme – a rules book for heavy vehicles. Queensland is transitioning to the programme, with scope to add Northern Territory and Western Australia. We note that the NHVR receives robust funding, with the Australian government investing more than A\$38m since 2016 and an additional c A\$4.4m expected for FY24–25.

The contract will commence in December and provides good support for our FY24 estimates, equating to c 60% of our revenue growth forecast for FY24 and supporting management's goal of generating cash in the year. As discussed in our [Q124 update](#), A\$900,000 of the company's underwritten A\$2.09m entitlement offer will be used to fund working capital to fulfil the tender.

This is an important commercial milestone for SenSen, validating its technology, delivery capability and land and expand strategy. The company's financial prospects are also enhanced by the strengthening of the balance sheet, through the entitlement offer and the A\$1.8m raised from Angel's subscription for 45m shares. This growth capital will support SenSen's investment in the global smart city opportunity and debt reduction as it moves towards cash generation and becoming self-financing this year.

Share price performance



Business description

SenSen Networks, an Australia-based technology company, operates in the field of sensory artificial intelligence and provides 'live awareness'. By applying its SenDISA AI platform to physical space monitoring, it extracts real-time insights that can be used in smart cities.

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