

**15 February 2017**  
**Australian Securities Exchange Announcement**

**Company briefing - Q&A with Matt Morgan (Executive Chairman)**

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**1. What does Sensera do?**

Sensera operates a Boston based microfabrication facility and provides design, engineering and manufacturing services for clients producing high value low volume MEMS based products. The operations are managed by an experienced team of semiconductor and MEMS industry veterans.

We are focussed on high value products that are critical to the supply chain of our clients who are selling high value, high margin proprietary technologies. Our facility is purpose built for such products versus large scale fabrication facilities that are focussed on high throughput manufacturing for industries such as telecommunications, which undertake limited or expensive research and development.

**2. What is MEMS and microfabrication?**

In simple terms MEMS (Micro-Electro-Mechanical Systems) are micro-chip sensors with mechanical moving parts. These systems are miniature devices comprising of mechanical (e.g. levers, springs, deformable membranes) and electrical (e.g. resistors, capacitors, inductors) components.

These components are designed to work together to sense and report on the physical properties of the devices immediate environment. Furthermore when they are signalled to do so, these devices may initiate a physical interaction with their immediate environment. Some well-known examples of MEMS-enabled functionality include airbag deployment in vehicles where the sensor detects the need for and then initiates the deployment of the airbag or the motion and orientation detection in smartphones that causes the screen to adjust so it can be read when the phone turns.

Microfabrication is simply the process of fabricating miniature structures of micrometre scales and smaller. The term typically applies to semiconductors, MEMS and nanostructures.

### **3. Can you describe the type of client that would utilise Sensera's services?**

Our business model is to engage with clients during the product development phase and embed ourselves as a long term technical and manufacturing partner. We are capable of not only providing technical knowhow but meeting the changing demand for manufacturing volumes over the term of the product lifecycle. We refer to this ability to grow with the client's needs as "matched to market" manufacturing.

We are particularly focussed on higher value products. These are more prevalent in medical technology (medtech) (the second fastest growing MEMS sector (forecast >11% CAGR) and to some degree the military and aerospace sectors. We are less focussed on consumer technologies (albeit a high growth sector) or industrial applications as they tend to be low value high volume products. Our offering is particularly relevant to firms developing products with limited in house engineering resources which is more typical in the medical devices and diagnostics industries and where the total volumes even at peak production are not attractive to a high throughput manufacturer. This makes us more difficult to replace or for the product to be commoditised by a large scale foundry competitor.

Sensera had five clients at the time of its initial public offering at the end of last year. Two are material foundation clients, both NASDAQ listed companies, each with a market cap of over \$US4bn. Sensera has been undertaking design and prototyping work for these clients for some time. It now has six total clients, of which four are smaller customers and we are working to increase our customer base as the two larger clients' transition into the manufacturing phase in the second half of 2017.

### **4. How will Sensera create value for shareholders?**

Sensera currently generates revenue primarily from its R&D and design work. However we are transitioning to manufacturing phase for the first two anchor clients throughout 2017 with manufacturing of initial commercial volumes expected to occur in the second half of CY17. The current customers represent the start of material sales for Sensera with capacity to add additional customers from its growing pipeline of primarily healthcare and defence companies.

Sensera's long term potential lies in being able to leverage its design, engineering and manufacturing capabilities to capture economic value by creating and assembling a portfolio of technologies that it owns and produces versus our current operations which provides our services to product owners. Sensera plans to achieve this Intellectual Property ownership through acquisitions where it can acquire technology that has reached commercialisation and requires cost and/or engineering optimisation to bring the technology to market or capture greater market share.

### **5. What progress has been made since the listing?**

Our key focus has been on progressing design and engineering work for our two major existing clients from the medtech and military sectors, which will enable us to transition them to higher margin manufacturing in the latter part of CY17. For one of these clients we are currently in the Qualification phase. To this end we have now received a product build plan and will invest approximately US\$500,000 in capex (partially reimbursable by client) for this next phase. This investment will not only decrease the

turnaround time for a step in the manufacturing phase for this client but will internalise a process in the total product build that was previously outsourced to another supplier. The expenditure enables us to offer an additional step in the total manufacturing process of the clients finished product and capture the additional revenue.

Our two cornerstone clients have a need for a supply chain partner that can scale its manufacturing volumes with the requirements of late stage R&D through early commercialisation and ultimately support the volumes required at the peak of the product lifecycle. Consistent with the needs of these two clients we have been highly targeted with our business development activities and are seeking a particular type of client that we can grow with over time and where we can embed our Company as a key part of the supply chain. We recently stated in our 2017 goal and objectives that we will deliver AUD2m in revenue in 2017. Our current client's future commercial manufacturing volumes will exceed this figure annually by a material level and we have increased our new business pipeline. In February we received a purchase order from our 6<sup>th</sup> client and repeat orders from 2 other smaller clients. We believe this is validation of our approach.

Our clients continually push us to achieve a solution for their often complex needs, which we have successfully completed to date. This can lead to delays and necessitates investment in personnel and the microfabrication facility, however our ability to solve complex problems has reinforced our competitive position and our faith in our business model. Sensera has a strong strategic position with a skilled workforce with cutting edge experience; is located in the greater Boston area home to many organisations in the Medtech and defence sectors; and, a purpose built microfabrication facility. Most importantly, we believe we possess the ability to attract new clients on the back of being able to solve some very complex issues and grow with the clients' needs over time.

With this in mind we have made the decision to immediately recruit a senior business development executive to drive further growth in our contract services revenues. Furthermore following our 2017 strategy session we have released to the market our goals for 2017. This includes achieving minimum revenue of A\$2 million in 2017, appointing a CEO and an additional non-executive director and executing on our plans to grow contract services revenues and execute on our strategy to manufacture own products.

## **6. Next strategic move**

Sensera's long term potential lies in being able to leverage its advanced design, engineering and manufacturing capabilities by acquiring a portfolio of disruptive technologies. To augment the experience of our operational team, Ross Haghighat, an experienced MEMS industry entrepreneur is a Boston based advisor to Sensera. Ross was a former co-founder of Coretek which was sold to Nortel in the largest MEMS M&A transaction to date. We are well placed to leverage Ross' strategic input and execute a strategy of long term grow through sensible acquisitions. We firmly believe this strategy will benefit from our ASX listing and the ability to use shares as currency, and if required, source capital efficiently to effect mergers and acquisitions.

Our Non-executive Director, George Lauro, who has a background in semiconductors, MEMS and IT has a significant track record of mergers & acquisitions is tasked with the job of sourcing the opportunities. Already we have looked closely at potential opportunities in some detail and we expect to look at a number over the next few months in order to find the appropriate leverage for our capabilities.

As we continue to grow we will be increasingly attractive to executive talent and potential sellers of products and Companies. We are located in the greater Boston region which is one of the world's most prevalent innovation hubs. There is a significant local R&D spend by multinational organisations developing medical, military and consumer technology and world leading educational institutions such as Harvard and MIT developing innovative technology. A fertile ecosystem exists for accessing experienced talent to add to our team. As a board we are therefore looking forward to an active year as Sensera builds on its early successes.

### **About Sensera Limited (ASX: SE1)**

Sensera operates a Boston based microfabrication facility and provides design engineering and manufacturing services for clients producing high value low volume mems based products. The Company specialises in complex mems based technologies and provides services to external customers whilst pursuing a strategy of acquiring products that will benefit from our in house microfabrication capability. The operations are managed by an experienced team of semiconductor industry veterans and are purpose built for lower volume production of technically complex products. Sensera Limited (ASX: SE1) is a public company traded on the Australian Securities Exchange. Visit our website: [www.sensera.com](http://www.sensera.com)

Any forward-looking statements in this announcement are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management.

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