

31 January 2019
Australian Securities Exchange (ASX) Announcement

Sensera December 2018 Quarterly Update and Appendix 4C

HIGHLIGHTS:

- **Sensera achieves record quarterly revenue of US\$2.58 million**
- **Working capital facility secured to support growth and free up cash for other Company needs**
- **Microfabrication tools and capabilities expanded to meet growing demand**
- **Partnership secured with industrial safety solutions provider Selectronic to develop a new mine safety collision avoidance solution**
- **Allan Brackin appointed Independent Non-Executive Chairman**
- **Sensera reaffirms a fiscal year 2019 revenue forecast of between US\$10.5 million and US\$11.5 million**
- **Investor conference call on Feb 1, 2019 10:00 AM AEDT**

Sensera Limited (ASX: SE1, "Sensera" or "the Company"), an Internet of Things (IoT) solution provider that delivers sensor-based products transforming real-time data into meaningful information, action and value, is pleased to report on its activities for the quarter ended 31 December 2018.

CASH FLOW

Sales

Sensera sales are ramping and the Company achieved record revenues of US\$2.58M in the fiscal 2nd quarter of 2019. Cash receipts for the 2nd quarter were over US\$1.3M with an additional US\$1.1M in the first month of the March quarter. The Company expects continued revenue and cash receipt growth in the 3rd fiscal quarter and reaffirms a fiscal year 2019 revenue forecast of between US\$10.5 million and US\$11.5 million.

Operating Expenditure

Operating expenses stayed flat from fiscal 1st quarter to fiscal 2nd quarter. The company continues to be able to leverage its current expenditures into higher revenue and ultimately profitability expected before the end of the current fiscal year.

During the December quarter, the Company paid its remaining obligations of \$2.2M for the acquisition of Nanotron Technologies. This payment completes all obligations for this acquisition.

Research & Development

Sensera continues to invest in R&D at both the device (chip) level and system/software level. The December quarter saw an increase in R&D for middleware and analytic software development in order to migrate the sensor system deployment to a service-based model during FY20.

BUSINESSES

Nanotron – IoT System Solutions

The December quarter saw the Company make its first shipments against the Smartbow/Zoetis contract. The operations team ramped a sophisticated supply chain in order to meet these customer commitments. The upcoming quarters will continue to see demand against this contract and the additional financing instrument announced to the market on 14 January 2019 will help conserve cash as the company works through a lengthy supply chain.

In January, the Company partnered with industrial safety solutions provider Selectronic to launch a new mine safety collision avoidance solution (CAS). The parties' first joint solution, called the PDS2400, is an RF-based proximity detection solution that supports collision awareness and proximity warning between fast moving vehicles, as well as between vehicles and people.

The system is targeted at open pit situations and provides an accuracy of 1m over long ranges of 100m or more, while an optional dual-mode tag can provide even higher accuracy down to 10cm at short ranges of 10m. This opens new market potential as the majority of Nanotron solutions have been for underground mining operations. Basing this new solution on the company's tag-ready swarm bee smart radio frequency (RF) modules facilitates a modular solution which greatly reduces time-to-market.

Nanotron also launched its 360° Edge Analytics solution, software which processes data from any sensor in conjunction with any location radio technology.

Location-aware sensors are increasingly important in distributed data acquisition applications, such as sensing gases across extended areas in the mining industry. 360° Edge Analytics represents the first of an entire portfolio of analytics tools and a new line of location-aware wireless sensors suitable for verticals including mining, manufacturing and healthcare.

MicroDevices

After achieving ISO13485 for medical standards in October, the company saw one of its projects depicted on the cover of National Geographic's issue exploring the future of medicine. This continues to support the need for MEMS based microfluidic solutions. In the quarter, the Company added three new microfluidic customers to its custom MEMS based wafer development and manufacturing to fill the pipeline for FY20.

In October, the Company acquired and qualified additional thin-film processing equipment including a dicing saw, a wafer bonder and an electroplating cell to meet growing customer demand in the MicroDevices segment. These new tools facilitate expansion of solutions in extremely demanding applications, including:

- Microfluidic devices for bio-analysis, medical research and drug development
- Pressure sensors for human implantable surgical devices
- Precision accelerometer and gyroscope devices for geo-positioning
- Micro-mirror devices for laser based Automotive self-driving applications

CORPORATE

Working capital facility to support growth

In January, the Company entered into a credit agreement with invoice and supply chain finance provider Timelio Pty Ltd. The facility is based on Sensera's contract with animal health specialists Smartbow/Zoetis which is guaranteed for FY19 and FY20. The Company has started shipping against this contract which supports Sensera's drive towards operating profitability later in FY19.

The extended cycle time of the supply chain for both chips and complete system components makes this an attractive capital structure to free up cash for other Company needs. Sensera will continue to consider opportunities to optimize its capital structure through infusions of credit to fund broader working capital needs, potential accretive acquisitions and strategic product development to accelerate the Company's growth and profitability.

Board changes

In November, Sensera announced the appointment of Allan Brackin as the Company's Independent Non-Executive Chairman to succeed Matt Morgan as Chairman on December 1, 2018. Mr Morgan remains a Non-Executive Director of Sensera and Chairman of the Audit and Risk Committee.

Mr Brackin has been involved in the technology industry for more than 30 years. He has been Chairman of Brisbane-based RPM Global (ASX: RUL), a leading enterprise technology, advisory and training provider in the mining industry, since 2011 and Chairman of the Fintech based financial services firm GBST Holdings Ltd (ASX:GBT) since 2015, having served on its Board prior to his appointment as Chairman. In 2014, Mr Brackin was appointed Chairman of telecommunications provider OptiComm Co Pty Ltd. Previously, Mr Brackin was Group CEO of Volante Limited (ASX: VGL), one of Australia's largest IT services companies from 2000-2004.

OUTLOOK

Sensera continues to develop a differentiated and defensible hardware and software technology stack through which the Company is well advanced on its path from a pure product sales (capex) model to an additional solution service model (opex). This development is underpinning improvement in cash flow and growth in revenue from existing animal health, mining and medtech customers, while also broadening the scope of potential new customers.

The Company reiterates its forecast for FY19 growth in revenue of more than 70% to US\$10.5 million – US\$11.5 million. The company is confident on its forecast given a record backlog and is diligently working a balance of product inventory and working capital to meet this revenue growth. Revenue and gross profit continue to grow ahead of opex and the Company expects to be operating at cash flow positive by the end of FY19.

CONFERENCE CALL

Sensera will be hosting an investor conference call to discuss the quarterly report on February 1, 2019 at 10:00 AM AEDT.

Access details will be announced via the ASX platform shortly. Shareholders are invited to send through questions for management ahead of the call to tim@nwrcommunications.com.au.

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Managing Director
Sensera Ltd

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About Sensera Limited (ASX: SE1):

Sensera is an Internet of Things (IoT) solution provider that delivers sensor-based products transforming real-time data into meaningful information, action and value. The company designs and manufactures hardware and software across the vertical technology spectrum from unique structures as MicroElectroMechanical Systems (MEMS) and sensors, as well as wireless networked systems and software that when combined, drive an entire IoT platform solution.

Shares in Sensera Limited (ASX: SE1) are traded on the Australian Securities Exchange (ASX). For more information, please visit our website: 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.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Sensera Limited

ABN

73 613 509 041

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$U.S'000	Year to date (6 months) \$U.S'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,335	2,914
1.2 Payments for		
(a) research and development	(801)	(1,400)
(b) product manufacturing and operating costs	(1,094)	(2,377)
(c) advertising and marketing	(473)	(966)
(d) leased assets	(186)	(324)
(e) staff costs	(607)	(1,522)
(f) administration and corporate costs	(535)	(1,468)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	84	139
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,277)	(5,004)

Consolidated statement of cash flows		Current quarter \$U.S'000	Year to date (6 months) \$U.S'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(66)	(128)
	(b) businesses (see item 10)	(2,221)	(2,221)
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(9)	(37)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,296)	(2,386)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	6,381
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(355)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$U.S'000	Year to date (6 months) \$U.S'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	6,026

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,240	2,031
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,277)	(5,004)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,296)	(2,386)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	6,026
4.5	Effect of movement in exchange rates on cash held	(218)	(218)
4.6	Cash and cash equivalents at end of quarter	449	449

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$U.S'000	Previous quarter \$U.S'000
5.1	Bank balances	449	5,240
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	449	5,240

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$U.S'000**

105

-

The amount at 6.1 includes payment of directors' fees and payments to a director related entity excluding reimbursement for administrative expenses and travel expenses.

7.	Payments to related entities of the entity and their associates	Current quarter \$U.S'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$U.S'000	Amount drawn at quarter end \$U.S'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter*	\$U.S'000
9.1	Research and development	570
9.2	Product manufacturing and operating costs	1,181
9.3	Advertising and marketing	511
9.4	Leased assets	151
9.5	Staff costs	720
9.6	Administration and corporate costs	578
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	3,711

* To fully understand the Company's estimated subsequent quarter cash position, cash inflows from customer receipts should also be considered. Consistent with previous quarters, it is reasonable to conclude that the company will derive receipts from customers generated from delivering of our services and products.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Company secretary

Date: 31 January 2019

Print name: Phillip Hains

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.