

**31 October 2019**

**Australian Securities Exchange (ASX) Announcement**

## **September 2019 Quarterly Update and Appendix 4C**

### **HIGHLIGHTS:**

- **Sensera achieves US\$3.6 million in revenue and cash receipts in Q1FY20**
- **A\$9.4M in debt and equity secured to refinance existing facility and fund growth**
- **Partnership announced with Meglab – enables mining penetration in the North American market**
- **Collaboration announced with Autodesk exposing Sensera's solutions to potential new customers in the high growth manufacturing segment**

Sensera Limited (ASX: SE1, "Sensera" or "the Company"), a technology solution provider that delivers sensor-based products transforming real-time data into meaningful information, is pleased to report on its activities for the first quarter ended 30 September 2019.

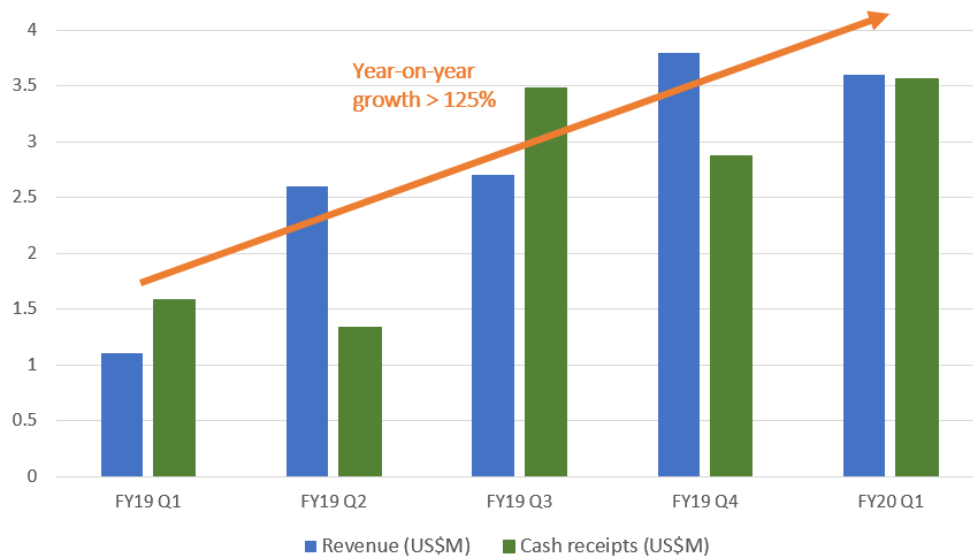
Ralph Schmitt, CEO will host an investor conference call on Friday November 1, 2019 at 9 AM AEST. Details will be released to the ASX platform shortly.

### **Sales Growth**

In the September quarter the Company recorded \$3.6 million in revenue shipping to 21 repeat customers and 7 first-time customers. Revenue in the 1st quarter of FY20 was 227% higher than the same quarter in FY19 and 5% lower than previous quarter.

During the quarter, Sensera achieved solid cash receipts of US\$3.6 million, up from US\$2.9 million the prior quarter, an increase of 24%.

The following chart shows Sensera's progress in growing revenue and cash flow over the past year.



## Operating Overview

Company revenue is still highly concentrated in the last month of each quarter, putting pressure on product delivery with minimal capital being available to build inventory. With the additional capital, the company will be building inventory levels late in Q2 and into Q3 of FY20, which will improve revenue predictability and enable more linear shipments. This will help the cash flow, margin and overall financial performance. This is part of the effort in continuing to work towards sustainably positive cash flows which will be primarily driven by improving margins as sales from the expanding product mix and recurring software sales are realised.

### MicroDevices (MD)

MD has recently engaged in new MEMS based sensor designs with multiple new customers that will drive revenue during FY20. The Company has completed a new microfluidic design with Nova Biomedical and also engaged in the next phase of development at Didi Chuxing (China's leading transportation company) autonomous vehicle program.

The MD business is primarily an in-house fabrication and micro-assembly manufacturing business. Micro-assembly manufacturing experienced unexpected sensor yield loss in the last month of the quarter impacting the ability to ship the entire backlog. The company is confident that this will be rectified for shipments in Q2 of FY20.

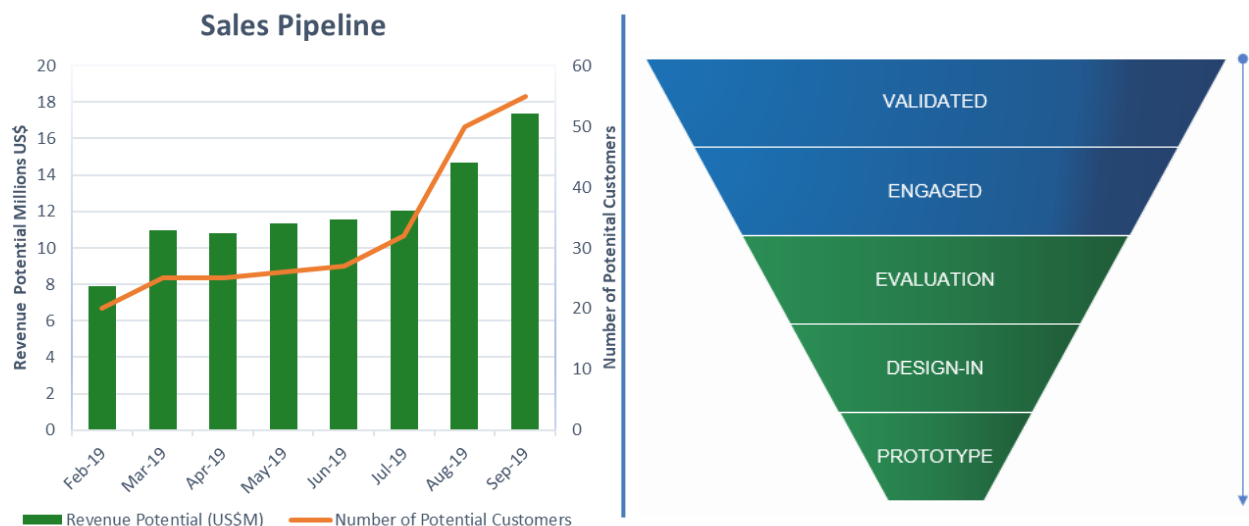
The fixed costs of operating the manufacturing facility increased slightly, however utilisation of the facility also increased. The utilisation level is the key factor in leveraging the financial model for this business and is forecasted to continue to increase throughout the year due to new and existing customer commitments, with no material increase in cost being required.

## IOT Solutions (IOTS)

The IOTS business revenue was impacted by seasonal softness with the European summer holidays bringing lower than expected mining and industrial revenues.

Management expects to expand margins during the balance of FY20 as the product mix changes (based on existing backlog) and further cost reductions, based on actions that have already been implemented on existing products, are realised. IOTS is entirely an outsourced manufacturing business in which the company is migrating to new low-cost partners driving part of the cost reductions.

The sales team expansion that began in the first half of FY19 reached the current team size in January 2019. The opportunity pipeline has grown dramatically since and is a good forward indicator of the Company's opportunity to grow the business. With Sensera's typical sales cycle of 18 to 24 months from initial validation to production revenue, the Company is currently carrying the additional expense of this investment in growth but expects to see material benefits in future quarters. The rising potential is displayed through the consistent increase in Sensera's sales pipeline and customer count and is reflected in the following chart.



The sales pipeline charted above only represents customers and programs that have reached the Evaluation, Design-in or Prototype phase, as these are closest to the point of potential sustainable revenue. The growth in the number of customers illustrates not only the both broad appeal of Sensera's products across a variety of industries, but also the growing potential for Sensera to grow on the back of its customers' growth. As this base broadens, so does the Company's chances of successfully collaborating with customers deploying rapidly expanding technologies.

The total funnel, including Validated and Engaged potential customers, increased by 18% in the quarter to over US\$85 million of new business opportunities.

**Meglab** - During the period Sensera announced the addition of the Meglab partnership to provide location-awareness driven intelligence to mines throughout North America. Integrated with Meglab's "Imagine" mine management system, revenues are expected to increase from incremental swarm bee module sales.

**Autodesk** - The Company was also very pleased to be selected by Autodesk to demonstrate Sensera's real-time 3D location services and smart sensor visualisation at Autodesk's Boston Technology Center as part of its residency program. The installation will showcase a new technology capability in a manufacturing environment which automatically ties sensor readings to their 3D positions. The majority of the new customers that have engaged with Sensera are in this sector and expect to deploy later in FY20 and into FY21.

### **Debt and Equity Placement**

On 2 October 2019, the Company announced a A\$6.4 million debt and A\$3.0 million equity placement. The debt facility is a four-year term note with warrants of an exercise price of \$0.18, a 100%+ premium to the prevailing share price at the time.

The debt will be used to fund the Company's growing order book and refinance A\$2.9 of purchase order financing with Timelio Pty Ltd.

The A\$3M received via a placement at \$0.08 was conducted by Morgans Corporate Limited and Altor Capital Pty Ltd. Both the warrants (other than those set out below which are subject to shareholder approval) and placement shares will be issued out of the Company's available capacity under ASX Listing Rules 7.1 (for 40.9M securities) and 7.1A (for 27.3M securities).

The Company expects this initiative to provide enough capital to achieve positive cash flow and remove any cash constraints on achieving sustainable revenue growth and profit. The business has significant product and customer expansion potential that the capital injection will unlock.

### **Outlook**

Sensera enters FY20 on a growth trajectory and is significantly advanced from where the Company was at the same time 12 months ago.

The management and Board of Sensera are acutely aware that progress to date has not met investors' expectations. The Company is still in an early phase of what we expect to be a long period of significant growth, while many of Sensera's customers' products are also at an early stage in their own growth trajectory.

Nevertheless, the Company has resolved to improve its internal assessment and effective communication of key metrics to the market that can be relied upon. The Company expects its renewed focus on these matters to highlight Sensera's significant ongoing progress to new and existing investors and support investor returns.

**CONFERENCE CALL**

Management will host an investor conference call to discuss the quarter on November 1, 2019 at 9 am AEDT.

Access details will be announced via the ASX platform shortly. Shareholders are invited to send questions for management ahead of the call to [tim@nwrcommunications.com.au](mailto:tim@nwrcommunications.com.au).

**Ralph Schmitt**

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](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.

## 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")**

30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$U.S'000</b>	<b>Year to date (3 months) \$U.S'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,566	3,566
1.2 Payments for		
(a) research and development	(103)	(103)
(b) product manufacturing and operating costs	(2,152)	(2,152)
(c) advertising and marketing	(627)	(627)
(d) leased assets	(218)	(218)
(e) staff costs	(745)	(745)
(f) administration and corporate costs	(470)	(470)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(25)	(25)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	20	20
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(754)</b>	<b>(754)</b>

Consolidated statement of cash flows		Current quarter \$U.S'000	Year to date (3 months) \$U.S'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(120)	(120)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(120)</b>	<b>(120)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
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	-	-
3.5	Proceeds from borrowings	452	452
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 (3 months) \$U.S'000
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>452</b>	<b>452</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	834	834
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(754)	(754)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(120)	(120)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	452	452
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>412</b>	<b>412</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	412	834
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>412</b>	<b>834</b>

**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

101

-

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.



<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$U.S'000</b>
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	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$U.S'000</b>	<b>Amount drawn at quarter end \$U.S'000</b>
8.1 Loan facilities	3,118	2,571
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.		

Facility	Facility Limit (\$U.S'000)	Drawndown (\$U.S'000)	Interest Rate
Timelio Facility	2,118	1,878	1% per month
Promissory Note	1,000	1,000	10% per annum
<b>TOTAL</b>	<b>3,118</b>	<b>2,878</b>	

<b>9. Estimated cash outflows for next quarter*</b>	<b>\$U.S'000</b>
9.1 Research and development	74
9.2 Product manufacturing and operating costs	1,803
9.3 Advertising and marketing	638
9.4 Leased assets	218
9.5 Staff costs	745
9.6 Administration and corporate costs	607
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>4,085</b>

\* 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 October 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.