

**This Amended Preliminary final report** includes additional information under item 7 on page 4 - Extended Reporting and Lodgement Deadlines. The additional information is highlighted in bold.

## 1. Company details

Name of entity:	Sensera Limited
ABN:	73 613 509 041
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

## 2. Results for announcement to the market

US\$m	2020	2019	Change %
Revenue from contracts with customers	\$11.80	\$10.18	16%
Gross Profit	5.67	4.15	37%
Gross Profit Margin	48%	41%	
Underlying EBIT** (loss)	(3.71)	(9.42)	61%
Statutory Loss after Income Tax	(7.93)	(9.54)	17%
Underlying Loss after Income Tax	(4.47)	(9.54)	53%

\*\* EBIT is Earnings before interest and tax

### Reconciliation of Underlying EBIT and Loss after Income Tax to Statutory

US\$m	2020	2019
Statutory Loss before income tax	\$(8.03)	\$(9.53)
Add back		
- Impairment of goodwill	1.89	-
- IOTS Restructure	1.22	-
- Revalue and issue of warrants	0.35	-
- Financing Costs	0.86	0.11
Underlying EBIT	(3.71)	(9.42)
Deduct - Finance costs	(0.86)	(0.11)
Add - Tax benefit / (expense)	0.10	(0.01)
Underlying Loss after Income Tax	(4.47)	(9.54)

## Group performance

The Group recorded revenue of US\$11.80m, an improvement of 16% on FY19. Pleasingly the gross profit increased by 37% to US\$5.67m with the gross margin increasing from 41% to 48%. Gross margins improved in the second half of FY20 from 40% in the first half to 59%, which was in line with expectation as result of improved product mix and supply chain cost improvements.

Underlying EBIT losses were reduced by 61% on FY19 to US\$3.71m. A significant contributor to the improved results was a major restructure of the IOT Solutions division together with lesser restructuring activities in Microdevices and Group corporate resulting in total annualized operating expenses being reduced by US\$3.0m. As a result of the restructure in IOTS the Company incurred a restructure cost which was finalised at US\$1.22m representing redundancy and legal expenses. These have been removed from statutory EBIT to arrive at underlying EBIT.

The company also benefited from reductions in cost and cash expenditure from April to July due to COVID-19 initiated pay reductions and the group received additional cash through the US Payroll Protection Program and the German Short Time Program.

The carrying value of goodwill on the IOT Solutions business due to the Nanotron acquisition was reassessed in the current market environment and an impairment of US\$1.89m was booked. These have been removed from statutory EBIT to arrive at underlying EBIT.

Depreciation charges increased from US\$0.12m to US\$0.98m primarily due to additional equipment purchased under existing equipment lease, and the treatment by the new lease accounting standard (AASB16).

In September 2019, the Group replaced a US\$1.96m invoice financing facility with a US\$4.33m four-year secured debt facility with an interest rate of 11.75%. Finance costs increased in FY20 as a result.

Cash balances at the end of the reporting period were US\$1.40m compared to US\$0.84m at the end of the previous reporting period. Net cash used in operating activities was US\$3.07m (2019: US\$8.16m) was largely funded by the financing activities described above, a US\$2.15m capital raising as well as COVID-19 initiated government programs.

### **Segmented business performance**

#### *IOT Solutions (IOTS)*

Revenues were US\$6.99m slightly above the US\$6.76m recorded in the previous year. The division saw strong revenues in the first half of the year and declines in the second half as the Zoetis chip agreement concluded together with some customer delays due to the impact of COVID-19.

The gross margin improved dramatically and ended the year at 67% in line with the company's expectation. This was primarily driven by the completion of the Zoetis chip agreement in January which was partially replaced with infrastructure (anchors and software) components at higher margins. These products also benefited from cost reductions undertaken during the year including a manufacture transition to Thailand.

A significant restructure occurred in December to align costs with the near-term revenue projections. Annualized operating expenses for IOTS were reduced by US\$2.0m to US\$2.5m thereby allowing the division to operate profitably (before allocation of corporate costs) at annualised revenue of US\$4.0m.

Operating costs were further reduced in April with reduced salaries and general expenses due to the stay at home initiative but have unwound as normal office arrangements have now resumed. Some of this increase is offset by lower office expenses as the division has moved into smaller more efficient and cost-effective office space.

#### *MicroDevices (MD)*

MD was deemed an essential business and operated throughout the COVID-19 pandemic and it has continued its significant growth with FY20 revenues of US\$4.81m constituting a 41% increase year on year. With the additional products continuing to ramp, this business is expected to structurally grow in FY21 well beyond the US\$5.60m of annual costs necessary to operate the business.

The division diversified its relationship with its top customer Abiomed across multiple products and expanded beyond delivering a MEMS structure to also doing micro assembly work and manufacturing full sensor solutions. MD is now in a position where it is consistently delivering these products at good yields and volumes laying the groundwork for business expansion after a slower 2<sup>nd</sup> half.

Multiple customers in the biomed market were progressed during this time including the delivery of a COVID sensor. Over US\$2.0m of new orders were obtained in the last quarter of FY20 for development and delivery of sensors over the first four months of FY21. MD is still in preproduction, but significant progress has been made towards full production and customer submission for FDA approval is expected shortly. MD expects to improve yield and ramp this product into full production leading to increased revenue and greater fab utilization to drive divisional profitability throughout FY21.

The company further diversified its customers with engagements in embedded glucose monitoring sensors, autonomous vehicle optical sensors and quantum computing components. These activities generated material non-recurring engineering (NRE) based revenue with the prospect of production revenue during FY21.

## *Finance*

In September 2019, the Group replaced a US\$1.95m invoice financing facility with a US\$4.32m (equivalent to AU\$6,400,000) four-year secured debt facility with an interest rate of 11.75%. The secured debt facility arrangements included the grant of 35,555,556 warrants to acquire ordinary shares at a price of AU\$0.18. The fair value of these warrants as at grant date was included in borrowing costs to be amortised over the facility term.

In May 2020, a further 51,200,000 warrants to acquire ordinary shares at a price of AU\$0.03 were issued to the secured debt lenders in exchange for waiving financial covenants and other concessions under the facility. The fair value of these warrants was treated as a share-based payment expense.

The impact on the profit and loss of the warrants has been removed to arrive at underlying EBIT and Net Loss after Tax.

## **Outlook**

FY21 will reflect a full year benefit of the operational expenditure reductions as well as the product cost improvements which have improved financial performance. While COVID-19 has had an impact on the Group, the IOTS division was more negatively impacted due to the nature of the markets it serves. The team has returned to operating out of the Berlin office and experienced improved customer engagement during the month of August. The expectations are that this will continue to improve business performance throughout FY21 from the Q4 FY20 baseline.

The MD division had been operating on-site through the pandemic as it was manufacturing products for critical health applications. The medical customers continued to progress their designs with the COVID-19 sensor providing significant impetus. Other key customer engagements that slowed previously have also recently improved. This business has been focused on progressing anchor customer engagements and seen some new revenue ramps which should enable material growth in revenue throughout FY21.

## **3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>(1.48)</u>	<u>(0.87)</u>
Net tangible assets include leased assets (Right of Use) and lease liabilities pursuant to adoption of AASB16		

## **4. Changes in controlled entities**

There were no changes during the year.

## **5. Other information required by Listing Rule 4.3A**

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information:	N/A

## **6. Audit qualification or review**

This Preliminary Final Report (Appendix 4E) is unaudited. The audit process is taking place and an independent audit report will be included in the audited financial statements.

**7. Extended Reporting and Lodgement deadlines** (amended – additional information in **bold**)

The ASX has granted listed entities the benefit of “ASIC Relief” pursuant to Listing Rule 18.1. ASIC Relief refers to ASIC Corporations (Extended Reporting and Lodgement Deadlines—Listed Entities) Instrument 2020/451 dated 15 May 2020.

The Company advises that, **pursuant the “ASIC Relief”** it intends to issue audited financial statements in October 2020.

**Furthermore, the Company, undertakes that it will immediately make a further announcement to the market, if there is a material difference between its unaudited accounts and its audited accounts.**

**8. Lodgement approval**

The board has approved this preliminary final report.

**Sensera Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 US\$</b>	<b>2019 US\$</b>
<b>Revenue</b>			
Revenue from contracts with customers		11,797,799	10,179,856
Cost of sales		(6,130,642)	(6,033,636)
Gross profit		5,667,157	4,146,220
Other income		166,015	88,599
Gain/(loss) on remeasurement of warrant derivative		417,986	-
Other gains/(losses) - net		(73,670)	(116,817)
Warrant share based payments		(769,635)	-
Total other income / gains and losses		(259,304)	(28,311)
<b>Expenses</b>			
Operation, overheads and administrative expenses	2	(6,708,356)	(10,709,166)
Research and development expenses		(194,078)	(1,341,274)
Selling and marketing expenses	2	(1,609,569)	(1,362,559)
Total operating expenses		(8,512,003)	(13,412,999)
Restructuring expenses		(1,217,555)	-
Depreciation expense	2	(963,486)	(120,206)
Impairment of goodwill		(1,886,061)	-
Finance costs	2	(857,391)	(113,411)
<b>Loss before income tax (expense)/benefit</b>		(8,028,643)	(9,528,614)
Income tax (expense)/benefit		99,984	(6,443)
<b>Loss after income tax (expense)/benefit for the year</b>		(7,928,659)	(9,535,057)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		122,797	(230,099)
Other comprehensive income for the year, net of tax		122,797	(230,099)
<b>Total comprehensive income for the year</b>		(7,805,862)	(9,765,156)
		<b>Cents</b>	<b>Cents</b>
Loss per share	15	(2.60)	(4.03)
Diluted loss per share	15	(2.60)	(4.03)

**Sensera Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 US\$</b>	<b>2019 US\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	1,395,057	838,136
Trade and other receivables	4	920,362	2,001,688
Inventories		1,157,023	1,151,838
Current tax asset		80,119	-
Other current assets		110,735	377,539
<b>Total current assets</b>		<b>3,663,296</b>	<b>4,369,201</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	821,714	920,627
Right-of-use assets	5	1,794,702	-
Intangible assets	7	7,664,029	9,466,142
<b>Total non-current assets</b>		<b>10,280,445</b>	<b>10,386,769</b>
<b>Total assets</b>		<b>13,943,741</b>	<b>14,755,970</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	1,584,443	3,026,701
Customer Deposits	9	-	618,923
Borrowings	10	2,000,000	2,466,064
Lease liabilities	5	1,002,497	-
Employee benefit obligations		121,860	135,714
Provisions		883,690	500,350
Contract liabilities - government	12	620,925	-
<b>Total current liabilities</b>		<b>6,213,415</b>	<b>6,747,752</b>
<b>Non-current liabilities</b>			
Borrowings	10	2,734,531	-
Lease liabilities	5	851,677	-
Warrant liabilities	11	392,896	-
Deferred tax liabilities		920,318	920,318
<b>Total non-current liabilities</b>		<b>4,899,422</b>	<b>920,318</b>
<b>Total liabilities</b>		<b>11,112,837</b>	<b>7,668,070</b>
<b>Net assets</b>		<b>2,830,904</b>	<b>7,087,900</b>
<b>Equity</b>			
Issued capital	13	31,173,047	28,476,830
Reserves		893,196	84,869
Accumulated losses		(29,235,339)	(21,473,799)
<b>Total equity</b>		<b>2,830,904</b>	<b>7,087,900</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Sensera Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2020**

	Issued capital US\$	Common control reserve US\$	Share-based payments reserves US\$	Foreign currency translation reserve US\$	Retained profits US\$	Total equity US\$
<b>Consolidated</b>						
Balance at 1 July 2018	20,237,536	(1,208,466)	1,014,300	385,704	(12,101,496)	8,327,578
Loss after income tax expense for the year	-	-	-	-	(9,535,057)	(9,535,057)
Other comprehensive income for the year, net of tax	-	-	-	(230,099)	-	(230,099)
Total comprehensive income for the year	-	-	-	(230,099)	(9,535,057)	(9,765,156)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	8,070,088	-	-	-	-	8,070,088
Share-based payments	169,206	-	286,184	-	-	455,390
Lapsed options	-	-	(162,754)	-	162,754	-
Balance at 30 June 2019	<u>28,476,830</u>	<u>(1,208,466)</u>	<u>1,137,730</u>	<u>155,605</u>	<u>(21,473,799)</u>	<u>7,087,900</u>
	Issued capital US\$	Common control reserve US\$	Share-base payments reserves US\$	Foreign currency translation reserve US\$	Retained profits US\$	Total equity US\$
<b>Consolidated</b>						
Balance at 1 July 2019	28,476,830	(1,208,466)	1,137,730	155,605	(21,473,799)	7,087,900
Adjustment for change in accounting policy	-	-	-	-	(82,263)	(82,263)
Balance at 1 July 2019 - restated	28,476,830	(1,208,466)	1,137,730	155,605	(21,556,062)	7,005,637
Loss after income tax benefit for the year	-	-	-	-	(7,928,659)	(7,928,659)
Other comprehensive income for the year, net of tax	-	-	-	122,797	-	122,797
Total comprehensive income for the year	-	-	-	122,797	(7,928,659)	(7,805,862)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	2,696,217	-	-	-	-	2,696,217
Share-based payments (warrants)	-	-	769,635	-	-	769,635
Share-based payments (employees)	-	-	165,277	-	-	165,277
Lapsed options	-	-	(249,382)	-	249,382	-
Balance at 30 June 2020	<u>31,173,047</u>	<u>(1,208,466)</u>	<u>1,823,260</u>	<u>278,402</u>	<u>(29,235,339)</u>	<u>2,830,904</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Sensera Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 US\$</b>	<b>2019 US\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		12,384,757	9,204,460
Payments to suppliers and employees		(16,143,041)	(17,362,012)
		(3,758,284)	(8,157,552)
Government grants		689,412	-
Net cash used in operating activities		(3,068,872)	(8,157,552)
<b>Cash flows from investing activities</b>			
Payment for purchase of subsidiary, net of cash acquired		-	(2,225,645)
Payments for property, plant and equipment		(68,110)	(360,816)
Payments for intangibles		(136,859)	(587,009)
Interest received		-	93
Net cash used in investing activities		(204,969)	(3,173,377)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,154,005	8,459,494
Proceeds from borrowings		4,816,134	2,466,064
Share issue transaction costs		(137,135)	(468,295)
Interest and other finance costs paid		(408,086)	(113,411)
Repayment of borrowings		(1,956,226)	-
Finance lease principal repayments		(629,930)	-
Net cash from financing activities		3,838,762	10,343,852
Net increase/(decrease) in cash and cash equivalents		564,921	(987,077)
Cash and cash equivalents at the beginning of the financial year		838,136	2,030,566
Effects of exchange rate changes on cash and cash equivalents		(8,000)	(205,353)
Cash and cash equivalents at the end of the financial year	3	<u>1,395,057</u>	<u>838,136</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*



**Note 1. Operating segments**

**(a) Description of segments and principal activities**

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer, under the advisement of the full board, that are used to make strategic decisions, assess performance, and determine the allocation of resources.

Management considers the business from both a product/service and a geographic perspective and has identified two reportable segments.

- **MicroDevices:** representing the integrated, fast turnaround client-specific designing and manufacturing of specialised high-performance microsensors and micro-fabricated components based in Boston, United States.
- **IOT Solutions:** representing the embedded location platform which delivers location awareness for safety and productivity solutions across industrial and consumer markets. The platform consists of chips, modules and software that enable precise real-time positioning and concurrent wireless communication. The ubiquitous proliferation of interoperable platforms is creating the location-aware internet of things (IoT). The IOTS business segment is based in Berlin, Germany.

**(b) Financial breakdown**

<b>Consolidated - 2020</b>	<b>MicroDevices US\$</b>	<b>IOTS US\$</b>	<b>Total US\$</b>
<b>Segment revenue</b>	<u>4,811,885</u>	<u>6,985,914</u>	<u>11,797,799</u>
Segment EBITDA	(1,332,367)	(1,694,092)	(3,026,459)
Corporate	-		(1,295,246)
<b>Total EBITDA</b>	<u><b>(1,332,367)</b></u>	<u><b>(1,694,092)</b></u>	<u><b>(4,321,705)</b></u>
Depreciation and amortisation	(898,137)	(65,349)	(963,486)
Impairment of goodwill	-	(1,886,061)	(1,886,061)
Finance costs -segment	(115,996)	(2,190)	(118,186)
Finance costs -corporate			(739,205)
<b>Loss before income tax benefit</b>	<u><b>(2,346,500)</b></u>	<u><b>(3,647,692)</b></u>	<u><b>(8,028,643)</b></u>
Income tax benefit			99,984
<b>Loss after income tax benefit</b>			<u><b>(7,928,659)</b></u>
<b>Assets</b>			
Segment assets	<u>3,644,248</u>	<u>10,204,865</u>	13,849,113
Corporate assets			94,628
<b>Total assets</b>			<u><b>13,943,741</b></u>
<b>Liabilities</b>			
Segment liabilities	<u>2,893,718</u>	<u>1,850,732</u>	4,744,450
Corporate liabilities			6,368,387
<b>Total liabilities</b>			<u><b>11,112,837</b></u>

**Sensera Limited**  
**Notes to the consolidated financial statements**  
**30 June 2020**

**Note 1. Operating segments (continued)**

<b>Consolidated - 2019</b>	MicroDevices US\$	IOTS US\$	Total US\$
Segment revenue	3,417,472	6,762,384	10,179,856
Segment EBITDA	(4,989,322)	(2,510,719)	(7,500,041)
Corporate EBITDA			(1,794,956)
<b>Total EBITDA</b>	<b>(4,989,322)</b>	<b>(2,510,719)</b>	<b>(9,294,997)</b>
Depreciation and amortisation	(87,383)	(32,823)	(120,206)
Finance costs- segment	-	(291)	(291)
Finance costs -corporate			(113,120)
<b>Loss before income tax expense</b>	<b>(5,076,705)</b>	<b>(2,543,833)</b>	<b>(9,528,614)</b>
Income tax expense			(6,443)
<b>Loss after income tax expense</b>			<b>(9,535,057)</b>
<b>Assets</b>			
Segment assets	2,077,624	12,548,048	14,625,672
Corporate assets			130,298
<b>Total assets</b>			<b>14,755,970</b>
<b>Liabilities</b>			
Segment liabilities	1,117,326	2,614,122	3,731,448
Corporate liabilities			3,936,622
<b>Total liabilities</b>			<b>7,668,070</b>

**Note 2. Breakdown of expenses by nature**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
Loss before income tax includes the following specific expenses:		
<i>Operation, overheads and administrative expenses</i>		
Accounting, audit, legal and taxation expenses	438,903	427,332
Employee benefits	4,111,177	6,476,742
Equipment lease and associated costs	158,564	929,408
Insurance expenses	82,319	75,066
Investor relation expenses	42,108	113,997
Occupancy costs	818,586	997,157
Other consulting expenses	319,862	807,641
Other expenses	736,837	881,823
Total operation, overheads and administrative expenses	6,708,356	10,709,166
<i>Selling and marketing expenses</i>		
Employee related costs	1,362,042	834,147
Business development	46,256	162,994
Marketing consultants	42,174	58,163
Travel	159,096	307,255
Total selling and marketing expenses	1,609,569	1,362,559
<i>Depreciation</i>		
Property, plant and equipment	167,023	120,206
Leased assets	790,521	-
Amortisation of intangibles	5,942	-
Total depreciation	963,486	120,206
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	739,205	113,411
Interest and finance charges paid/payable on lease liabilities	115,955	-
Other	2,231	-
Finance costs expensed	857,391	113,411

**Note 3. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Current assets</i>		
Cash at bank	1,395,057	838,136
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	1,395,057	838,136
Balance as per statement of cash flows	1,395,057	838,136

**Note 3. Cash and cash equivalents (continued)**

(i) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

(ii) Cash not readily available for use

As of 30 June 2020 \$US 60,330 was restricted as it was held on deposit as security for office leases (2019: \$US 31,118).

**Note 4. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Current assets</i>		
Trade receivables (a)	846,114	2,028,028
Less: Allowance for expected credit losses	(27,011)	(39,454)
	<u>819,103</u>	<u>1,988,574</u>
Other receivables	<u>101,259</u>	<u>13,114</u>
	<u><u>920,362</u></u>	<u><u>2,001,688</u></u>

(a) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement in accordance with the milestones specified in the non-recurring engineering (NRE) contracts with customers, and settlement for goods delivered to customers, which are both typically less than 12 months and therefore classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

**Note 5. Right-of-use assets**

(a) Amounts recognised in the statement of financial position

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	235,393	-
Less: Accumulated depreciation	(7,153)	-
	<u>228,240</u>	<u>-</u>
Plant and equipment - right-of-use	1,761,733	-
Less: Accumulated depreciation – right-of-use	(195,271)	-
	<u>1,566,462</u>	<u>-</u>
Total lease right-of-use assets	<u><u>1,794,702</u></u>	<u><u>-</u></u>

**Note 5. Right-of-use assets (continued)**

Lease liabilities

Current lease liability	1,002,497	-
Non-current lease liability	851,677	-
Total lease liability	<u>1,854,174</u>	<u>-</u>

*(b) Amounts recognised in the statement of profit or loss and other comprehensive income*

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
Interest expense	115,955	-
Lease depreciation expense	790,521	-
	<u>906,476</u>	<u>-</u>

*(c) The company's leasing activities and how these leases are accounted for*

The company has adopted AASB 16 Leases during the year ended 30 June 2020 using the modified retrospective approach. The modified approach does not require restatement of comparative periods. Instead the cumulative impact of applying AASB 16 is accounted for as an adjustment to equity at the start of the current accounting period in which it is first applied, known as the 'date of initial application'.

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

**Note 5. Right-of-use assets (continued)**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Changes to the Group's accounting policies and the initial impact on financial statements arising from the adoption of AASB16 are set out in Note 17. A description of the lease accounting policies for the previous financial year are also set out in Note 17.

**Note 6. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Non-current assets</i>		
Leasehold improvements	107,127	85,447
Less: Accumulated depreciation	(47,495)	(27,116)
	<u>59,632</u>	<u>58,331</u>
Fixtures and fittings	33,134	22,426
Less: Accumulated depreciation	(13,992)	(9,418)
	<u>19,142</u>	<u>13,008</u>
R&D equipment	435,203	598,984
Less: Accumulated depreciation	(130,035)	(271,552)
	<u>305,168</u>	<u>327,432</u>
Other fixed assets	490,174	632,266
Less: Accumulated depreciation	(52,402)	(110,410)
	<u>437,772</u>	<u>521,856</u>
	<u><u>821,714</u></u>	<u><u>920,627</u></u>

**Note 7. Intangible assets**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Non-current assets</i>		
Goodwill	5,959,850	5,959,850
Less: Impairment	(1,886,061)	-
	<u>4,073,789</u>	<u>5,959,850</u>
Patents	141,420	130,030
Less: Accumulated amortisation	(5,942)	-
	<u>135,478</u>	<u>130,030</u>
Capitalised development costs	2,979,795	2,896,091
Software	474,967	480,171
	<u>7,664,029</u>	<u>9,466,142</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Goodwill US\$	Software US\$	Capitalised development costs US\$	Patent Costs US\$	Total US\$
Balance at 1 July 2018	5,959,850	-	3,017,992	67,231	9,045,073
Additions	-	480,171	44,039	62,799	587,008
Exchange differences	-	-	(165,939)	-	(165,939)
Balance at 30 June 2019	5,959,850	480,171	2,896,091	130,030	9,466,142
Additions	-	-	84,563	11,390	136,859
Exchange differences	-	(5,204)	(859)	-	(6,063)
Impairment of assets	(1,886,061)	-	-	-	(1,886,061)
Amortisation expense	-	-	-	(5,942)	(5,942)
Balance at 30 June 2020	<u>4,073,789</u>	<u>474,967</u>	<u>2,979,795</u>	<u>135,478</u>	<u>7,664,029</u>

Impairment tests for goodwill, software and capitalised development costs:

The group tests whether goodwill, software (a not yet ready for use intangible asset) and capitalised development costs have suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations.

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**Note 8. Trade and other payables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Current liabilities</i>		
Trade payables	1,178,498	2,003,032
Accrued expenses	370,652	926,186
Other payables	35,293	97,483
	<u>1,584,443</u>	<u>3,026,701</u>

Trade payables are unsecured and are usually paid within 30 to 60 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short- term nature.

**Note 9. Customer Deposits**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Current liabilities</i>		
Customer Deposits	-	618,923
	<u>-</u>	<u>618,923</u>

**Note 10. Borrowings**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Current liabilities</i>		
Loan - net of borrowing costs (i)	1,000,000	-
Promissory notes (ii)	1,000,000	1,000,000
Invoice financing (iii)	-	1,466,064
	<u>2,000,000</u>	<u>2,466,064</u>
<i>Non-current liabilities</i>		
Loan - net of borrowing costs (i)	<u>2,734,531</u>	<u>-</u>
	<u>4,734,531</u>	<u>2,466,064</u>

*(i) Loan - net of borrowing cost*

In September 2019, the Group secured a AU\$6,400,000 (equivalent to US\$4,325,972) four-year secured debt facility with the interest rate of 11.75%, under a binding term sheet with PURE Asset Management Pty Ltd and Altor Credit Partners Pty Ltd (a wholly owned subsidiary of Altor Capital Pty Ltd). Both are unrelated parties to the Group. The arrangements include the grant of 35,555,556 warrants to the lenders to acquire ordinary shares in the Group at a price of AU\$0.18 per share. Borrowing costs comprising the fair value of the warrants as at grant date US\$800,971 and other transaction costs US\$163,131 are being amortised over the term of the loan using the effective interest method. For further detail refer to Note 11 (Financial liabilities).

Interest for the the three months ended 8 April 2020 totalling US\$125,534 was capitalised into the loan principal by agreement with the lenders.



**Note 10. Borrowings (continued)**

*(ii) Promissory notes*

Promissory notes (unsecured) comprise a debt agreement with a key investor and Mr Jonathan Tooth, a director of Sensera Limited. Entered into during February and March 2019, the lenders provided US\$1,000,000 to fund the group's immediate needs for additional working capital. US\$650,000 was provided by Mr Tooth with the key investor providing the US\$350,000 balance. These promissory notes were due to mature in February 2020 and had an interest rate of 10% p.a. (payable quarterly). In October 2019, these notes were extended for a term of 24 month with a simple interest rate of 11.75% p.a. (payable quarterly), with an option to extend if agreed by both parties, indefinitely. The unsecured notes are subordinate to the company's current senior lender, PURE Asset Management Pty Ltd and Altor Capital Pty Ltd.

*(iii) Invoice financing*

This loan had been fully paid and closed during the year ended 30 June 2020. Invoice financing comprised a credit agreement with invoice and supply chain finance provider, Timelio Pty Ltd, against working capital assets of the parent. This facility had a limit of AU\$3m and the applicable interest rate was 1% per 30-day period with a 1% plus GST drawdown fee. A guarantee over all the assets of the group was attached to this facility.

*(iv) Fair value*

The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is close to current market rates and all borrowings are classified as current. Borrowings due within 12 months equal their carrying amounts as the impact of discounting is not material.

**Note 11. Warrant liabilities**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
<i>Non-current liabilities</i>		
Warrant derivative	392,896	-

Unlisted share warrants to acquire fully paid ordinary shares were issued during the year as follows:

Tranche	Warrants	Expiry date	Exercise price \$AUD	Fair value per warrant as at 30 June 2020 \$AUD
Tranche I (2019-10-19)	29,755,556	23/10/2023	\$0.18	\$0.01
Tranche II (2019-11-25)	5,800,000	24/11/2023	\$0.18	\$0.01

All warrants are held by PURE Asset Management Pty Ltd and Altor Capital Management Pty Ltd. Tranche I and Tranche II comprise 35,555,556 unlisted warrants granted as part of the initial loan arrangements with PURE Asset Management Pty Ltd and Altor Capital Management Pty. The fair value of the tranche I and II warrants as at grant date (US\$800,791) was included as borrowing costs to be amortised over the term of the facility (refer to Note 10 Borrowings).

A further 51,200,000 warrants (Tranche III) were granted in May 2020, in exchange for agreed borrowing facility concessions relating to a financial covenant default, waiving default interest and renegotiated financial covenants going forward. The fair value of these warrants as at grant date was \$USD 769,635 which was recorded as a share based payment expense and included in reserves.

The Tranche I and II warrants are considered to be derivative financial instruments, revalued to fair value at the end of the reporting period in accordance with the accounting standards. Aside from the fair value of Tranche I and II warrants treated as borrowing costs any gain or loss arising as a result of the revaluation was recognised in the statement of profit or loss and other comprehensive income.

**Note 12. Contract liabilities - government**

	Consolidated 2020 US\$	2019 US\$
<i>Current liabilities</i>		
Governmental subsidies and grants received in advance	620,925	-

**Note 13. Issued capital**

	2020 Shares	2019 Shares	Consolidated 2020 US\$	2019 US\$
Ordinary shares - fully paid	322,125,055	272,751,012	31,173,047	28,476,830

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

*Options*

Options outstanding at the end of the reporting period are set out below.

Options outstanding at the end of the reporting period.

Grant date	Expiry date	Exercise price \$AUD	Number under option	Vested
08/12/2017	15/08/2020	\$0.40	1,500,000	1,500,000
30/11/2017	29/11/2022	\$0.35	3,000,000	2,250,000
08/11/2017	17/12/2022	\$0.35	1,500,000	1,125,000
01/07/2018	30/06/2022	\$0.15	800,000	400,000
29/04/2019	03/07/2023	\$0.15	750,000	250,000
29/04/2019	30/11/2023	\$0.15	1,000,000	333,333
01/01/2019	30/11/2023	\$0.15	150,000	50,000
01/01/2019	31/12/2023	\$0.11	100,000	33,333
			8,800,000	5,941,666

The weighted average exercise price of all options is \$AUD 0.29.

The weighted average exercise price of vested options is \$AUD 0.33.

*Share warrants*

Unlisted share warrants to acquire fully paid ordinary shares were issued during the year as follows:

Tranche	Number of warrants	Expiry date	Exercise price \$AUD
Tranche I (2019-10-19)	29,755,556	23/10/2023	\$0.18
Tranche II (2019-11-25)	5,800,000	24/11/2023	\$0.18
Tranche III (2020-05-20)	51,200,000	19/05/2025	\$0.03

#### **Note 14. Critical estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

##### **(a) Significant estimates and judgements**

The areas involving significant estimates or judgements are:

- Estimation of revenue relating to the provision of services - note 1 (Revenue).
- Estimated goodwill, software and capitalised development costs impairment - note 6 (Property, plant and equipment) and note 7 (Intangibles).
- Estimation of expected credit losses on trade receivables.
- Estimation of share-based payments.
- Estimation of the valuation of warrant derivatives.
- Evaluation of going concern – note 16 (Summary of significant accounting policies).

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### **Note 15. Loss per share**

##### **(a) Reconciliation of loss used in calculating loss per share**

###### *Basic and diluted loss per share*

Loss from continuing operations attributable to the ordinary equity holders of the company used in calculating loss per share:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$</b>	<b>US\$</b>
Loss after income tax	<u>(7,928,659)</u>	<u>(9,535,057)</u>
	<b>Cents</b>	<b>Cents</b>
Loss per share	(2.60)	(4.03)
Diluted loss per share	(2.60)	(4.03)

##### **(b) Weighted average number of shares used as the denominator**

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>305,071,804</u>	<u>236,338,867</u>

On the basis of the group's losses, the outstanding options as at 30 June 2020 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

**Note 16. Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Sensera Limited and its subsidiaries.

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the measurement and recognition requirements of the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Sensera Limited is a for-profit entity for the purpose of preparing the financial statements.

*(i) Historical cost convention*

The financial statements have been prepared on a historical cost basis except for warrant liabilities that are held at fair value (see note 11).

*(ii) Going concern*

The Group incurred a net loss of US\$7,928,659 and had operating cash outflows of US\$3,076,642 for the year ended 30 June 2020. As of 30 June 2020, the Group's cash and cash equivalents balance was US\$1,395,057. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The preliminary report has been prepared on a going concern basis. In the process of approving the Group's forecast and business plan for the upcoming periods, the Board has considered the cash position of the Group within the next 12 months from the date of this report. The Board acknowledges the possibility of additional funding being required to meet the Group's working capital requirements and other capital commitments. Since inception, the Group has successfully raised over US\$31M from issuing shares, as well as securing additional debt of US\$5.3M to assist with working capital requirements.

If the Group is unable to achieve satisfactory outcome on the matters described above, there is a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. Therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business.

*(iii) New or amended Accounting Standards and Interpretations adopted*

The impact of the adoption of new accounting policies are disclosed in Note 17 Changes in accounting policies.

A full set of accounting policies is set out in the Financial Statements for the year ended 30 June 2019 and the half year ended 31 December 2019.

**Note 17. Changes in accounting policies**

AASB 16 *Leases* became effective for periods beginning on or after 1 January 2019. Accordingly, the Group applied AASB 16 for the interim period ended 31 December 2019. Changes to the Group's accounting policies arising from this standard are summarised below:

**(a) Impact on the financial statements**

*(i) AASB 16 Leases*

The Standard has been adopted from 1 July 2019, resulting in the Group recognising right-of-use assets and related lease liabilities for leases previously classified as operating leases under AASB 117, subject to the practical expedients described below.

The Standard has been applied using the modified retrospective approach, with the cumulative impact of adopting AASB 16 recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Comparative periods have not been restated as permitted under the specific transition provisions in the Standard.

The nature of expenses related to these leases has changed as the Group now recognises an amortisation charge for the right-of-use asset and interest expense for the lease liability.

**Note 17. Changes in accounting policies (continued)**

Previously, the Group recognised operating lease expenses on a straight-line basis over the term of the lease and assets and liabilities only to the extent there was a timing difference between actual lease payments and the expense recognised.

In applying AASB 16 the Group has elected to use the following practical expedients permitted by the Standard:

- accounting for leases with a remaining lease term of less than 12 months from 1 July 2019 as short-term leases
- excluding leases for which the underlying asset is low value from the calculation of lease liabilities
- using hindsight in determining the lease term when considering options to extend and terminate leases
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics
- excluding initial direct costs in the measurement of the right-of-use asset at 1 July 2019
- relying on previous assessment on whether leases are onerous as an alternative to performing an impairment review on the right-of-use asset at 1 July 2019
- not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group has relied on its assessment made applying AASB 117 and IFRIC 4.

For short-term and low-value leases, the lease expense is accounted for on a straight-line basis over the lease term.

*(ii) Impact of adoption*

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	US\$
Operating lease commitments as of 1 July 2019 (AASB 117)	1,888,314
Operating lease commitments discount based on the weighted average incremental borrowing rate of 11.75%	(216,217)
Accumulated depreciation as of 1 July 2019 (AASB 16)	(614,370)
Right-of-use assets (AASB 16)	<u>1,057,727</u>
Lease liabilities - current (AASB 16)	(791,902)
Lease liabilities - non-current (AASB 16)	(348,088)
Lease liabilities (AASB 16)	<u>(1,139,990)</u>
Adjustment to opening accumulated losses as of 1 July 2019	<u><u>(82,263)</u></u>

*(iii) Right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Note 17. Changes in accounting policies (continued)**

*(iv) Lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

*(v) Prior year lease accounting policy*

Leases in which a significant proportion of the risks and rewards of ownership were not transferred to the group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit and loss on a straight line basis over the period of the lease.