

30 October 2020
Australian Securities Exchange (ASX) Announcement

Sensera Quarterly Update and Appendix 4C

HIGHLIGHTS:

- **FQ1 revenue of US\$2.4m; a 7% increase over the previous quarter**
- **MicroDevices MEMS business profitably growing with new customers in FQ1**
- **Immediately following the end of FQ1:**
 - **IOT Solutions divestiture closed for US\$8.7m**
 - **Elimination of all debt and increase in cash improves the balance sheet**

Sensera Limited (Company) (ASX:SE1) is providing Appendix 4C for the first financial quarter of the year 2020. The revenue improved for the second straight quarter to US\$2.4m. IOT Solutions (IOTS) accounted for less than half of this revenue level and did not operate profitably in the quarter. This report will focus on the MicroDevices (MD) division as the primary remaining operating business for Sensera.

MD, achieved quarterly revenue of US\$1.3m with a gross margin of 55% making it profitable at an operating level.

The largest existing volume customer, Abiomed, continued to ramp for sensor production, and the team delivered to their demand consistently for the entire quarter. The additional sensor design also started to ship in production.

The Company also reinitiated shipment of products for the organ-on-a-chip applications. A more consistent shipment level of these products is expected to continue as the market is further developing to use this technology during FY21.

One of the Company's sensors' application used in a COVID-19 detection solution is still in pre-production. During the quarter, the Company made significant headway on yield and functionality and still expects that during FQ2 the appropriate qualifications and approvals can be obtained. Management expects to ramp this product into full production throughout FY21.

The Company has recently submitted the appropriate information for evaluation regarding the forgiveness of the PPP loan. The Company remains confident the government's eventual acceptance of the forgiveness application as the applicable costs submitted exceeded the loan amount. It has, however, not yet obtained confirmation.

The cash flow shown in the 4C depicts customer receipts as being down driven primarily by the reduced IOTS customer revenue stream. The company's leased asset costs increased US\$261k over last quarter as it includes deferred payments from Q4FY20. The quarter also reported US\$304k of restructuring costs which is the last quarter of these payments. The FQ2 4C will show lower receipts and costs that reflect the improved MD only business structure.

The transaction to sell IOT Solutions officially closed on October 6th. On this date the Company ended with US\$1.3m in cash after the elimination of the outstanding debt on the balance sheet. The repayment of debt will eliminate over \$US600K of interest per annum moving forward

The Company continues to evaluate opportunities to lower corporate costs and will implement further reductions in FQ2. Part of these corporate adjustments were the recently announced board changes and reductions.

Management believes that it has made meaningful progress in building out a MEMS based sensor business that will be sustainable by simplifying and focusing the business while reducing costs. In what has clearly been a difficult market environment during COVID-19, the Company has also moved multiple customers and opportunities forward to lay the foundation for FY21.

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About Sensera Limited (ASX: SE1):

Sensera Limited is an Internet of Things (IoT) sensor solution provider. The Company designs and manufactures MicroElectroMechanical Systems (MEMS) and sensors for applications that improve the way things are done.

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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Sensera Limited

ABN

73 613 509 041

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities			
1.1 Receipts from customers		2,039	2,039
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(1,448)	(1,448)
(c) advertising and marketing		(227)	(227)
(d) leased assets		(252)	(252)
(e) staff costs		(573)	(573)
(f) administration and corporate costs		(169)	(169)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(169)	(169)
1.6 Income taxes paid			
1.7 Government grants and tax incentives		43	43
1.8 Other (Restructure Charge Paid)		(304)	(304)
1.9 Net cash from / (used in) operating activities		(1,060)	(1,060)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,395	1,395
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,060)	(1,060)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	12	12
4.6	Cash and cash equivalents at end of period	347	347

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 \$US'000	Previous quarter \$US'000
5.1	Bank balances	316	1,335
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Restricted Cash for Office Lease)	31	60
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	347	1,395

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	69
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

The amount at 6.1 includes interest payments to a director related entity and director emoluments excluding reimbursement for any administrative expenses and travel expenses.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	5,412	5,412
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,412	5,412
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. A\$5.1m Pure Asset Mgt A\$1.4m Altor Capital Mgt, 11.75%, October 2023, all asset secured US\$0.65m Guerrilla Nominee, 11.75%, March 2021, unsecured US\$0.35m Triton Holdings LLC, 11.75%, March 2021, unsecured		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,060)
8.2	Cash and cash equivalents at quarter end (item 4.6)	347
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	347
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1/3
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: At the beginning of the 2nd quarter, the company completed the sale of the IOTS business unit. The cash sale enabled the payoff of outstanding debt and left a cash balance of more than is required for the next 2 quarters.	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: The sale of the IOTS business unit changed the operating cash flow requirements of the company. Management believes it has the necessary cash for more than the next 2 quarters as contemplated by this question.	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The company expects to continue its operations and meet objectives in the remaining business unit. This business unit was profitable in the current quarter and is expected to grow on an annualized basis.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: 30 October 2020

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.