

25 July 2018

Australian Securities Exchange (ASX) Announcement

Sensera June 2018 Quarterly Update and Appendix 4C

HIGHLIGHTS:

- **Record cash receipts from customers of US\$2.1 million for the quarter, reflecting continued sales growth in location awareness solutions and microdevices**
- **Achieved FY18 revenue of US\$6.35 million, within guidance and representing a 420% increase over FY17**
- **Raised FY19 revenue forecast to between US\$10.5 million and US\$11.5 million, updating previous forecast of 60% growth to 70% growth**
- **Secured Harvard University's Wyss Institute for Biologically Inspired Engineering as a revenue-generating client in the precision medicine and personalised health sector**
- **Boosted financial flexibility in gaining access to US\$2.3 million in new funding, including a US\$1.2 million credit facility and US\$1.1 million in cash through sale and leaseback of production equipment**
- **Continued growth in demand for the Company's sensor-based IoT solutions underpins target of positive cash flow in late FY19**

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 30 June 2018.

CASH FLOW

Sales

Sensera achieved strong sales in the June quarter with US\$2 million in revenues.

The Company earned cash receipts from the sale of products and services worth US\$2.1 million, an increase of 66% from the March 2018 quarter.

As previously forecasted, the MicroDevices business delivered the most material increase in the quarter, driven by continued migration towards production volumes and new customer acquisition.

Operating Expenditure

Cash outflows from operating expenditure before R&D increased by US\$0.13 million, with the majority of the increase derived from a few additional key hires. Management continues to control spending without inhibiting growth, having finished the financial year with annual expenditure significantly below the FY18 plan and conserving cash. The Company will maintain its resolute focus on cash conservation and generation by controlling operating expenses tightly and minimising increases in headcount.

Capital Expenditure

Capital expenditure was impacted by a sale and leaseback agreement of US\$1.1 million for the Company's microfabrication facility as part of the MicroDevices business. The Company secured an additional US\$1.2 million line of credit for future production equipment as part of the lease agreement.

This funding further strengthens Sensera's balance sheet and empowers continued expansion of production facilities to meet customer demand and support margin growth expectations.

The company also negotiated a delay of the US\$0.9 million payment associated with the nanotron acquisition to October 2019 in order to conserve cash for the business. It is the expectation of the company to fully complete all obligations under this agreement in Q2 FY19.

R&D

R&D spend increased by 7% to US\$0.47 million for the quarter as the company is in the back end of the next generation RF (radio frequency) controller development cycle. During this part of the design cycle outside engineering resources are required to complete the design, layout and prepare it for first silicon. The Company remains on schedule for a Q1 FY18 tapeout (design fabrication) of its next-generation nanoLOX controller, which targets the market for autonomous smart items with precise, high-throughput real-time location and concurrent data communication.

BOARD APPOINTMENT

During the quarter, the Board appointed Mr Camillo Martino as an Independent Non-Executive Director, bringing vast technology and IoT industry expertise to Sensera. Mr Martino previously helped to power the growth of wired and wireless connectivity solution provider Silicon Image for more than five years, culminating in its sale in 2015 for US\$607 million.

Following a successful career as a chief executive officer and C-suite technology executive, Mr Martino currently serves as a board member and executive advisor to high technology companies. He is a member of the Board of Directors of Cypress Semiconductor (NASDAQ: CY) and MagnaChip Semiconductor Corporation (NYSE: MX).

BUSINESSES

Nanotron Location Aware

In the growing segment of software, the company entered into a partnership with Clearblade. This IoT software platform provides the necessary infrastructure for handling cloud integration, maintenance and security functions. This is critical in an enterprise class solution. The platform is also an enabler for Location Data Analytics (LDA) which nanotron is developing. These are real-time analytics that compile location and other sensor data to provide intelligent output for the customer.

This partnership has already produced results, with nanotron now using the ClearBlade platform to showcase ultra-precise patient tracking across multiple operating wards in hospitals. The solution is based on chirp spread spectrum (CSS) and ultra-wideband (UWB) location technologies, utilising additional information from sensors and underlying building maps. It automatically detects all pre-defined treatment events and displays them in real-time. The tag that nanotron developed for this application is the world's first integrated tag with both CSS and UWB. This implementation is in concert with the Company's strategy to offer full solutions and using the appropriate location technology for the application.

In the mining segment, the company announced an industry-leading longwall solution in collaboration with leading mining equipment provider Marco. The integrated solution means that the location of tagged underground equipment and mining personnel is known in real time. This improves worker safety and increases longwall operational efficiency. The Company sees scope to deploy this solution worldwide but is initially targeting existing and potential mining customers in the large Russian and Chinese markets.

Sensera's subsidiary nanotron entered into a co-operation and licensing deal with DecaWave, the industry leader of UWB location controllers. Nanotron is licensing its patented IP (intellectual property) for DecaWave to use in its UWB location controller. This is highly valuable for Sensera as the cooperation reduces nanotron's R&D spend by not having to deliver an in-house designed UWB controller. The partnership has empowered nanotron to release UWB technology through the use of a DecaWave controller in its swarm bee family of smart RF tag-ready modules. This cuts time-to-market for customers wanting to use a highly accurate UWB solution by 9 to 12 months based on the Company's tools and infrastructure for swarm bee products.

In June, nanotron was honoured with the GEO IOT World Award for Indoor Location and Proximity services. This is a testament to the industry-leading location capability that the company has developed, with the award highlighting the innovative dual mode tag the Company is deploying in medical applications.

During the quarter, Sensera completed all of the pieces of its Smartbow contractual agreements by adding the software license agreement to the device and anchor agreements. This software agreement is the critical piece in making the system operate effectively for animal health installations. Zoetis recently acquired Smartbow and is planning full scale deployment of Smartbow's Eartag LIFE system worldwide by the end of CY18, addressing a market estimated at 8% of the world's 1.25 billion cattle.

During the quarter, Sensera successfully completed what is believed to be one of the largest real-time location system (RTLS) installations worldwide, being a farm in Siberia, Russia with over 5,000 animals. The Company continues to see a migration towards larger installations which is accelerating the number of tags and infrastructure, particularly in North America.

MicroDevices (Sensera Inc.)

The MicroDevices group announced the successful development of an 'organ-on-a-chip'. These are unique microfluidic devices which mimic the functions of living human organs, including the lung, intestine, kidney, skin, bone marrow and blood-brain barrier.

The Company has secured multiple customers using this technology who are in the early phase of deployment to support experimental treatment for diseases that attack these organs and bodily functions.

During the quarter, Sensera completed the stage 1 audit towards ISO 13485 certification, covering quality management requirements for medical device manufacturers. The Company expects to have earned this important medical certification before the end of CY18.

In an effort to continue to add fab capability, the Company added a high precision STS etch tool to its microfabrication facility. The capability of this tool's key semiconductor processing technology was previously outsourced to partners and its integration will drive margin expansion and help Sensera to bring complex MicroElectroMechanical Systems (MEMS) to market.

OPERATIONS

The internal and external supply chains in both nanotron and Sensera's MicroDevices business have improved but are continuing to be stressed by industry dynamics. The worldwide semiconductor capacity shortage impacted the Company's ability to ship its entire backlog in the June quarter. Sensera is continuing to refine its supply chain practices, but will be impacted by some component lead time issues for at least the balance of this calendar year.

OUTLOOK

- Raising the Company's FY19 revenue forecast to 70% growth (previous forecast 60% growth), and continue to expect to generate positive cash flow in late FY19.
- Expect Q1 FY19 revenue to be slightly lower due to system deployment scheduling and cyclicity typical of European summer industrial slowdowns.
- The Company's cash flows and balance are currently meeting management's plan and expectations. Incremental cash improvements through non-equity instruments are continuing to be evaluated to help with additional capital requirements.

Ralph Schmitt

Chief Executive Officer
Sensera Ltd

CONFERENCE CALL

Investors are invited to dial in to Sensera's quarterly conference call with CEO Ralph Schmitt on Friday July 27, 2018.

Dial-in details follow below and will also be provided shortly via the ASX platform.

Time: Friday 27 July, 10.30am AEST

Presenting: Sensera Chief Executive Officer Ralph Schmitt

Participants will also be able to submit text and/or voice questions in real time through the webinar platform.

Please register for the call ahead of the start time at:

<https://attendee.gotowebinar.com/register/4712289525640326915>

Attendee Access Code: 693-215-561

After registering, you will receive a confirmation email containing information about joining the webinar.

Participants can dial in using either their telephone or computer mic and speakers (VoIP).

Dial-in numbers:

Australia: +61 2 9087 3602

US: +1 (213) 929-4221

UK: +44 330 221 9914

NZ: +64 9 887 3310

Hong Kong: 800 900 179 (Toll-free only)

Germany: +49 691 7489 926

Japan: 0 120 858 500 (Toll-free only)

For countries not listed, the Australian participant toll number can be used.

For more information, please contact:

Ralph Schmitt

Chief Executive Officer

+1 978-606-2600

rschmitt@sensera.com

Tim Dohrmann

Investor Relations

+61 468 420 846

tim@nwrcommunications.com.au

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.

More information at www.sensera.com

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 June 2018

Consolidated statement of cash flows	Current quarter \$U.S'000	Year to date (12 months) \$U.S'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,114	5,465
1.2 Payments for		
(a) research and development	(472)	(1,537)
(b) product manufacturing and operating costs	(815)	(2,467)
(c) advertising and marketing	(353)	(1,101)
(d) leased assets	-	-
(e) staff costs	(747)	(2,498)
(f) administration and corporate costs	(864)	(3,397)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	79
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,137)	(4,321)

Consolidated statement of cash flows	Current quarter \$U.S'000	Year to date (12 months) \$U.S'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(150)	(1,014)
(b) businesses (see item 10)	-	(4,512)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(197)	(241)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	1,112	1,112
(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	765	(4,655)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	8,550
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	-	(352)
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 (12 months) \$U.S'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	8,198

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	2,403	4,047
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,137)	(5,458)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	765	(4,655)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	8,198
4.5	Effect of movement in exchange rates on cash held	-	(101)
4.6	Cash and cash equivalents at end of quarter	2,031	2,031

5.	Reconciliation of cash and cash equivalents	Current quarter \$U.S'000	Previous quarter \$U.S'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	2,031	2,403
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)	2,031	2,403

6. Payments to directors of the entity and their associates

6.1	Aggregate amount of payments to these parties included in item 1.2	114
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

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	59
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	

Item 7.1 includes payments made to:

- Triton Inc. under the General Service Agreement as disclosed in under Section 11.3 on the Replacement Prospectus issued on 28 November 2016

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.		

N/A

9. Estimated cash outflows for next quarter*	\$U.S'000
9.1 Research and development	504
9.2 Product manufacturing and operating costs	870
9.3 Advertising and marketing	377
9.4 Leased assets	163
9.5 Staff costs	798
9.6 Administration and corporate costs	923
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	3,635

* 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. As of the date of this report, on that basis the company expects to generate an estimate of approximately \$2.2m to \$2.5m of cash inflows from customers receipts which would result in an estimated total net cash outflow to be estimated between \$1.1m to \$1.2m for the next quarter.

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: 25 July 2018

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.