Sensera Limited

ABN 73 613 509 041

Annual Report - 30 June 2020

Sensera Limited
Corporate directory
30 June 2020

Directors	Mr Camillo Martino - Independent Non-Executive Chairman Mr Ralph Schmitt - Managing Director Mr Jonathan Tooth - Non-Executive Director Mr Simon Peeke – Non Executive Director
Company secretary	Mr Mark Pryn
Registered office & Principal place of business	C/- Baudin Consulting Pty Ltd Level 14, 440 Collins Street Melbourne VIC 3000
Share register	Boardroom Pty Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 +61 (0)2 9290 9600
Auditor	Grant Thornton Audit Pty Ltd Level 18, 145 Ann Street Brisbane QLD 4000 +61 (0)7 3222 0200
Solicitors	McCullough Robertson Level 11, Central Plaza Two, 66 Eagle Street Brisbane QLD 4000 Australia Telephone: +61 (0)7 3233 8888
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Stock exchange listing	Sensera Limited shares are listed on the Australian Securities Exchange (ASX code: SE1)
Website	www.sensera.com

Review of Operations

Results

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	(8.33)	(9.54)	13%
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 after Income Tax	$(8.33)	$(9.54)
Add back		
- Impairment of goodwill	1.89	-
- IOTS Restructure	1.22	-
- Gain on warrant revaluation	(0.36)	-
- Gain on debt refinancing	(0.45)	
- Additional debt refinancing costs	1.56	
- On going financing costs	0.86	0.11
- Tax (benefit) / expense	(0.10)	0.01
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 IOTS 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 Group 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 and Underlying Loss after Income Tax.

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

The carrying value of goodwill on the IOTS business resulting from the nanotron acquisition was reassessed in the current market environment and an impairment of US$1.89m was booked. This has been removed from statutory EBIT to arrive at underlying EBIT and Underlying Loss after Income Tax.

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 2019 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 2020 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.

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 2nd half.

Multiple customers in the biomed market were progressed during this time including the delivery of a COVID sensor.. The COVID sensor 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 fabrication 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 A$6.40m) 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 A$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 A$0.03 were issued to the secured debt lenders in exchange for waiving financial covenants and other concessions under the facility. In substance and pursuant to the accounting standards this represented a debt extinguishment event resulting in US$1.56m additional financing cost comprising the fair value of the warrants as at grant date and the existing unamortised borrowing costs being written off. This was partly offset by the recognition of a fair value gain of US$0.45m attributable to the measurement of the principal outstanding as at restructure date discounted to its present value using the effective interest rate.

Outlook

Post the end of the year and leading up to the release of this report, the Group decided it was in the best interest of shareholders to sell the IoT Solutions business and focus the Group's efforts and capital towards the leading edge MEMs sensor business. This transaction has significantly improved the capital structure with all debt now repaid while still holding on to some cash to support working capital requirements. The Group is well positioned to become profitable through prudent capital and people investments to take advantage of growth opportunities.

Sensera Limited
Directors' report
30 June 2020

Your directors present their report on the consolidated entity consisting of Sensera Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020. Throughout the report, the consolidated entity is referred to as the Group.

Directors and Company Secretary

The following persons were Directors of Sensera Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Camillo Martino, Independent Non-Executive Director (appointed Board Chairman 20 October 2020)
Mr Ralph Schmitt, Managing Director & CEO
Mr Jonathan Tooth, Non-Executive Director
Mr Simon Peeke, Non-Executive Director (appointed 20 October 2020)
Mr Allan Brackin, Non-Executive Director & Board Chairman (resigned 20 October 2020)
Mr George Lauro, Non-Executive Director (resigned 20 October 2020)
Mr Matthew Morgan, Non-Executive Director (resigned 3 October 2019)

The Company Secretary was Mr Phillip Hains until 28 February 2020, when Mr Mark Pryn was appointed.

Principal activities

Sensera Limited is a sensor-based location and situation awareness organisation that provides end-to-end sensor solutions and services in the rapidly growing world of the internet of things (IoT). The Group's proprietary microsensors and sensor systems primarily serve the animal wellness, mine safety and the productivity and healthcare markets.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group after providing for income tax amounted to US$8,330,555 (30 June 2019: US$9,535,057).

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations and activities on pages 2 to 5 of this annual report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

1. On 17 August 2020, the Company issued 1,342,351 shares under the Employee Security Ownership Plan.
2. On 24 September 2020, the Company granted 5,200,000 Options pursuant to the Employee Security Ownership Plan Share and Board approved Long Term Incentive arrangements. The options were issued with an exercise price of A$0.06 and expiry dates of 23 September 2024 (1,500,000 options) and 23 September 2025 (3,700,000 options). The Company also advised that it had agreed to grant a further 4,000,000 Options subject to Shareholder approval.
3. On 6 October 2020, the Company announced the sale of its wholly owned subsidiary nanotron Technologies GmbH (nanotron) to Inpixon (NASDAQ: INPX), for US$8,700,000 cash of which US$6,100,000 was used to repay all Group borrowings. Under the terms of the transaction, US$750,000 of sales proceeds are subject to "holdback terms" to cover transaction representations, warranties, and completion clauses. Debt servicing costs will be reduced by over US$600,000 per year.
4. On 20 October 2020, the Company announced the following board changes. Mr Allan Brackin resigned as Director and Board Chair. Mr Camillo Martino, a Silicon Valley based independent non-executive director was then appointed Board Chair. Mr George Lauro also resigned as a non-executive director and Mr Simon Peeke was appointed as additional Australian based independent non-executive director.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Other than the information disclosed in the review of operations and activities on pages 2 to 5, there are no likely developments or details on the expected results of operations that the Group has not disclosed.

Environmental regulation
The Group is not affected by any significant environmental regulation in respect of its operations.

Information on Directors

Name:	Mr Allan Brackin
Title:	Independent Non-Executive Chairman (resigned 20 October 2020)
Experience and expertise:	Allan has been involved in the technology industry for over 30 years at both executive and non-executive level. At executive level he was group chief executive officer of Volante Limited (ASX: VGL), from 2000 to 2004. Volante was one of Australia's largest IT services companies. From 1986 to 2000 Allan co- founded a number of IT companies. These companies all became part of the Volante Group. At non-executive level, Allan is also chairman of telecommunications carrier OptiComm Ltd (ASX:OPC). He is also a member of the advisory board for several IT companies and mentors a number of technology entrepreneurs. Allan has a B. Applied Science from the Queensland University of Technology and has attended the Owner President Management Program at Harvard University.
Other current directorships:	OptiComm Ltd (ASX: OPC), since 13 May 2014
Former directorships (last 3 years):	GBST Holdings Limited (ASX: GBT), April 2015 to November 2019 and RPM Global Holdings Ltd (ASX: RUL), since 30 November 2011 to June 2020
Special responsibilities:	Chair of the remuneration and nomination committee (resigned 20 October 2020) Member of the audit and risk committee (resigned 20 October 2020)

Name:	Mr Ralph Schmitt
Title:	Managing Director & CEO
Experience and expertise:	Ralph's was previously an executive of Toshiba America Electronic Components, Inc. (TAEC), where he led the development of cognitive computing software and systems to leverage the Toshiba product portfolio which includes semiconductors and storage for industrial, telecommunications, healthcare, multimedia and transportation market applications. Prior to his appointment at Toshiba, Ralph built an extensive executive career including EVP of Sales, Marketing and Business Development at Cypress Semiconductor (NASDAQ: CY), where he oversaw the acquisition of multiple companies and managed the company's revenue growth to over US$1.4 billion. In addition to his executive experience, Mr Schmitt has held multiple venture capital advisory and board roles in the hardware and software sectors over the past two decades. He holds a B. Science in Electrical Engineering from Rutgers University and is fluent in German.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer

Name:	Mr Jonathan Tooth
Title:	Non-Executive Director
Experience and expertise:	Jonathan is an experienced director and provides strong corporate governance to the board. He is also chair of the Group's audit and risk committee. Mr Tooth is a director at Henslow. He has over 25 years' experience in corporate finance, capital raisings, placements and initial public offerings, corporate advice, and restructuring specifically in the small to middle market. Jonathan holds a B. Arts (Economics and Financial Studies) from Macquarie University.
Other current directorships:	Generation Development Group Limited (ASX: GDG), since 1 May 2012 and Vita Life Sciences Limited (ASX: VLS), since 26 July 2012.
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the audit and risk committee Member of the remuneration and nomination committee

Name:	Mr George Lauro
Title:	Non-Executive Director (resigned 20 October 2020)
Experience and expertise:	George has been appointed as a MEMS industry expert with a track record of mergers and acquisitions, and to source potential technologies for Sensera Limited to acquire. George is an experienced technology entrepreneur, operating executive, and venture capitalist. He was Head of West Coast Technology Investing and Partner at Wasserstein Perella, a leading Wall Street private equity and leveraged buyout firm. Earlier in his career, he was managing director of technology commercialization at IBM headquarters and began his career as an MIT Engineer, designing inertial guidance systems for spacecraft at MIT/Draper Lab while pursuing graduate studies at MIT Aero/Astro department. A technologist and prolific inventor, George has nearly two dozen patents awarded covering RFID, GPS, wireless semiconductors, and spacecraft inertial guidance systems. He has served on the board of five publicly listed companies and has built several companies from prototype-stage to high value exit (M&A or IPO) as an active board member and investor, many in the semiconductor and MEMSs sectors. George attended Brown University (BSEE), The Wharton School (MBA) and MIT (graduate studies Aerospace engineering).
Other current directorships:	None
Former directorships (last 3 years):	None

Name:	Mr Camillo Martino
Title:	Non-Executive Director (appointed as Board Chair 20 October 2020)
Experience and expertise:	Camillo has served as Non-Executive Director of Sensera Limited since 1 July 2018. He is a board member and executive advisor to a number of other high technology companies. Mr. Martino is currently the Chairman of the Board at Magnachip Semiconductor Corp (NYSE:MX) and has served on this board since August 2016. Mr. Martino also serves on the board at multiple privately-held companies, including VVDN Technologies and KeraCel. Mr Martino was the chief executive officer and director of Silicon Image, Inc. until it was acquired by Lattice Semiconductor in 2015. His semiconductor experience also includes the position of COO at Zoran Corporation, and earlier in his career, he served at National Semiconductor in four different countries including Japan and China over a nearly 14-year period. Camillo holds a B. Applied Science from the University of Melbourne and a Graduate Diploma in Digital Communication from Monash University in Australia.
Other current directorships:	Magnachip Semiconductor Corp (NYSE: MX), since August 2016.
Former directorships (last 3 years):	MosChip Technologies Limited (BOM: 532407), resigned in May 2019 and Cypress Semiconductor (NASADQ: CY), resigned in April 2020
Special responsibilities:	None

Name:	Mr Simon Peeke
Title:	Non-Executive Director (appointed 20 October 2020)
Experience and expertise:	Simon has been working with Sensera since October 2019 in an investor relations capacity and supporting the finance team. Based in Melbourne, Simon and has a strong financial background coupled with over 20 years of operating experience both at CFO and CEO levels. Earlier in his career he was the Regional Director of Metromedia Technologies which revolutionised the outdoor advertising industry with patented computer painting technology. He has been instrumental in several business turnaround projects and has significant experience in merger and acquisition transactions both acting as a buyer and seller. Simon founded his consulting business in 2015 aimed at providing strategic financial and structuring advice for small cap and privately owned businesses. He was a member of the CPA and received a Bachelor of Business from Monash University.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of remuneration and nomination committee (appointed 20 October 2020) Member of the audit and risk committee (appointed 20 October 2020)

Name:	Mr Matthew Morgan
Title:	Non-Executive Director (resigned 3 October 2019)
Experience and expertise:	Matthew has over 13 years' executive management experience in private equity funded portfolio companies and 10 years' experience as a venture capitalist. He is the principal of Millers Point Company, an advisory business that provides consulting and advisory services to emerging companies with high growth or turnaround objectives. He is a former venture capitalist at Queensland Investment Corporation and is experienced in capital raisings, mergers and acquisitions and has held executive positions in a variety of private equity funded organisations. He was a co-founder of Diversa Ltd (ASX: DVA) a financial service business acquired by OneVue Holdings Ltd (ASX: OVH).
Other current directorships:	Leaf Resources Limited (ASX: LER), since 21 July 2014 Total Brain Limited (ASX: TTB), since 1 March 2016
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the audit and risk committee (resigned 3 October 2019) Member of the remuneration and nomination committee (resigned 3 October 2019)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Mr Mark Pryn (appointed 28 February 2020)

Mark Pryn is a Chartered Accountant and a member of the Governance Institute Australia with over 25 years' corporate experience in senior finance and governance roles, including 10 years as an ASX listed company secretary. Mark is now principal of Baudin Consulting Pty Ltd, a firm focused on providing governance, financial and regulatory compliance services to a broad client base. Mark has extensive board, governance and financial reporting experience within the corporate and not for profit sectors.

Mr Phillip Hains (resigned 28 February 2020)

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr Allan Brackin	12	12	1	1	1	1
Mr Ralph Schmitt	12	12	-	-	-	-
Mr Jonathan Tooth	12	12	1	1	3	3
Mr George Lauro	12	12	-	-	-	-
Mr Camillo Martino	10	12	-	-	-	-
Mr Matthew Morgan	1	3	-	-	1	1

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)
The directors present the Sensera Limited, 2020 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Link between remuneration and performance
(e) Details of remuneration
(f) Service agreements
(g) Share-based compensation
(h) Additional disclosures relating to key management personnel

(a) Key management personnel covered in this report

Non-executive and executive directors

- Mr Allan Brackin, Independent Non-Executive Chairman (resigned 20 October 2020)
- Mr Ralph Schmitt, Managing Director & CEO
- Mr Jonathan Tooth, Non-Executive Director
- Mr George Lauro, Non-Executive Director (resigned 20 October 2020)
- Mr Camillo Martino, Non-Executive Director (appointed Chairman 20 October 2020)
- Mr Matthew Morgan, Non-Executive Director (resigned 3 October 2019)

Other key management personnel

- Mr David Garrison, Chief Financial Officer (CFO)

(b) Remuneration policy and link to performance

Our remuneration and nomination committee is made up of non-executive directors, with the CEO's participation by invitation. The committee reviews and determines our remuneration annually to ensure it remains aligned to business needs, and meets our remuneration principles. The committee may also engage external remuneration consultants to assist with this review. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Group to attract and retain key talent,
- aligned to the Group's strategic and business objectives and the creation of shareholder value,
- transparent and easily understood, and
- acceptable to shareholders.

Element	Purpose	Performance metrics	Potential value
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate
Short term incentive (STI)	Reward for in-year performance and retention	Total shareholder return, financial and operational outcomes	CEO: 100% of FR CFO: 35% of FR
Long term incentive (LTI)	Alignment to long-term shareholder value	EBITDA, annual sales	CEO: 3,000,000 milestones shares upon achieving specified hurdles set out in section (c) of this report. The LTI programme is currently subject to remuneration and nomination committee review.

Remuneration report (audited) (cont.)

Assessing performance

The remuneration and nomination committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee may elect to receive data from independently run surveys.

Performance is monitored in detailed quarterly operations reviews throughout the year and a formal extensive evaluation is performed annually.

Share trading policy

Sensera Limited's securities trading policy applies to all directors and executives. See www.sensera.com and follow the link to the 'board charter'. It only permits the purchase or sale of company securities during certain periods.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalization. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organization and performance of the individual.

(ii) Short-term incentives (STI)

All executives are entitled to participate in a short-term incentive scheme which provides for executive employees to receive a combination of short-term incentive (STI) as part of their total remuneration if they achieve certain performance indicators as set by the board. The STI can be paid either by cash, or a combination of cash and the issue of equity in the company, at the determination of the remuneration and nomination committee and ultimately the board.

The Group's CEO and CFO are entitled to short-term incentives in the form of cash bonus up to 100% and 35%, respectively of FR against agreed key performance indicators (KPIs). On an annual basis, KPIs are reviewed and agreed in advance of each financial year and include total shareholder return, financial and operational outcomes.

(iii) Long-term incentives (LTI)

Executives may also be provided with longer-term incentives through the Group's 'employee security ownership plan' (ESOP), that was approved by shareholders at the annual general meeting held on 13 November 2017. The aim of the ESOP is to allow executives to participate in, and benefit from, the growth of the Group as a result of their efforts and to assist in motivating and retaining those key employees over the long-term. Continued service is the condition attached to the vesting of the options. The board at its discretion determines the total number of options granted to each executive.

The CEO's remuneration package includes the following milestone-based share-based payments whereby the milestone must be achieved by 30 June 2021:

- 1,000,000 shares payable on achieving US$1 million EBITDA
- 1,000,000 shares payable on achieving US$2 million EBITDA
- 1,000,000 shares payable on achieving US$50 million in annual sales

Refer to the table on page 16 for details of options issued to the CEO and CFO. These options do not have milestone hurdles attached but do have continued service conditions.

Remuneration report (audited) (cont.)

(d) Link between remuneration and performance

Statutory performance indicators

We aim to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance since inception (as the business has been established less than five years as required by the Corporations Act 2001). However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2020	2019	2018	2017
Loss for the year attributable to owners (US$)	8,330,555	9,535,057	6,769,702	5,331,794
Basic loss per share (US cents)	2.71	4.03	4.51	5.67
Share price at year end (A$)	0.03	0.12	0.19	0.29

Principles used to determine the nature and amount of remuneration
Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role.

ASX listing rules require the aggregate non-executive directors' remuneration (fee pool) to be determined periodically by a general meeting. Since listing in 2016, the maximum aggregate non-executive director remuneration has been set at a A$300,000 per annum. For the year ended 30 June 2020, fees paid to non-executive directors were A$156,250 being 52% of the maximum fee pool.
Voting and comments made at the Company's 25 November 2019 Annual General Meeting ('AGM')
At the 25 November 2019 AGM, 82.26% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

(e) Details of remuneration

Amounts of remuneration
The following tables show details of the remuneration expense recognised for the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of Sensera Limited:
- Mr Allan Brackin, Independent Non-Executive Chairman (resigned 20 October 2020)
- Mr Ralph Schmitt, Managing Director & CEO
- Mr Jonathan Tooth, Non-Executive Director
- Mr George Lauro, Non-Executive Director (resigned 20 October 2020)
- Mr Camillo Martino, Non-Executive Director (appointed Chairman 20 October 2020)
- Mr Matthew Morgan, Non-Executive Director (resigned 3 October 2019)

And the following person:
- Mr David Garrison, CFO

Remuneration report (audited) (cont.)

(e) Details of remuneration (cont.)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2020	Cash salary and fees US$	Cash bonus US$	Non-monetary US$	Super-annuation US$	Long service leave US$	Equity-settled US$	Total US$
Non-Executive Directors:							
Mr Allan Brackin	26,856	-	-	-	-	26,109	52,965
Mr Jonathan Tooth	30,213	-	-	-	-	-	30,213
Mr George Lauro	20,142	-	-	-	-	-	20,142
Mr Camillo Martino	20,142	-	-	-	-	14,561	34,703
Mr Matthew Morgan	7,553	-	-	-	-	-	7,553
Executive Directors:							
Mr Ralph Schmitt	242,154	-	-	-	-	61,442	303,596
Other Key Management Personnel:							
Mr David Garrison	191,585	-	-	-	-	27,879	219,464
	538,645	-	-	-	-	129,991	668,636

As a contribution towards organisational operating cost restructuring, for the year ended 30 June 2020, the non-executive directors, executive director and other key management personnel agreed to be remunerated at lower levels than set out in their respective service agreements. Short term incentive benefits were nil as the performance hurdles were not met.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2019	Cash salary and fees US$	Cash bonus US$	Non-monetary US$	Super-annuation US$	Long service leave US$	Equity-settled US$	Total US$
Non-Executive Directors:							
Mr Allan Brackin	33,465	-	-	-	-	7,407	40,872
Mr Jonathan Tooth	25,818	-	-	-	-	-	25,818
Mr George Lauro	42,773	-	-	-	-	-	42,773
Mr Camillo Martino	43,030	-	-	-	-	13,793	56,823
Mr Matthew Morgan	45,720	-	-	-	-	-	45,720
Executive Directors:							
Mr Ralph Schmitt	300,000	113,400	-	-	-	154,742	568,142
Other Key Management Personnel:							
Mr David Garrison	210,000	58,580	-	-	-	68,430	337,010
	700,806	171,980	-	-	-	244,372	1,117,158

Remuneration report (audited) (cont.)

(e) Details of remuneration (cont.)

Notes: Cash bonus includes the amount accrued in the year ended 30 June 2019 in relation to FY 2019 performance as follows:

- Mr Ralph Schmitt was eligible for 37.8% of his performance bonus. This amounted to US$113,400 and was approved by the board in FY 2020. The bonus was granted on the basis of partially meeting the year-on-year revenue growth and securing working capital required to fund the operation during the financial year. No bonus was granted on Total Shareholder Return, being majority of his entitlement and profitability.
- Mr David Garrison was eligible for 79.7% of his performance bonus. This amounted to US$58,580 and was approved by the board in FY 2020. The bonus was granted on the basis of partially meeting the year-on-year revenue growth, securing working capital required to fund the operation during the financial year, timely reporting, successful implementation of internal ERP system, and improvements of internal reporting structure and protocols. No bonus was granted on profitability and Total Shareholder Return.

These bonuses were settled via the issue of Sensera Limited shares in December 2019.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2020	2019	2020	2019	2020	2019
Non-Executive Directors:						
Mr Allan Brackin	51%	82%	-	-	49%	18%
Mr Jonathan Tooth	100%	100%	-	-	-	-
Mr George Lauro	100%	100%	-	-	-	-
Mr Camillo Martino	100%	76%	-	-	-	24%
Mr Matthew Morgan	58%	100%	-	-	42%	-
Executive Directors:						
Mr Ralph Schmitt	80%	53%	-	20%	20%	27%
Other Key Management Personnel:						
Mr David Garrison	87%	62%	-	18%	13%	20%

(f) Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. As noted above, for the year ended 30 June 2020, the non-executive directors, executive director and other key management personnel agreed to be remunerated at lower levels than set out in their respective service agreements Details of these agreements are as follows:

Name:	Mr Allan Brackin
Title:	Independent Non-Executive Chairman
Term of agreement:	Unspecified
Details:	Fixed remuneration: A$80,000 per annum including director fee, effective 1 December 2018 Notice period: Unspecified

Name:	Mr Ralph Schmitt
Title:	Managing Director & CEO
Term of agreement:	Indefinite until terminated pursuant to termination clause
Details:	Fixed remuneration: US$300,000 per annum including director fee, effective 6 November 2017 Notice period: 30 days by either party

Remuneration report (audited) (cont.)

(f) Service Agreements (cont.)

Name:	Mr Jonathan Tooth
Title:	Non-Executive Director
Term of agreement:	Unspecified
Details:	Fixed remuneration: A$60,000 per annum including director fees, effective 1 July 2019 Notice period: Unspecified

Name:	Mr George Lauro
Title:	Non-Executive Director
Term of agreement:	Unspecified
Details:	Fixed remuneration: A$60,000 per annum including director and consulting fees, effective 1 December 2017 Notice period: Unspecified

Name:	Mr Camillo Martino
Title:	Non-Executive Director
Term of agreement:	Unspecified
Details:	Fixed remuneration: A$60,000 per annum including director and consulting fees, effective 1 July 2018 Notice period: Unspecified

Name:	Mr Matthew Morgan
Title:	Non-Executive Director (resigned 3 October 2019)
Term of agreement:	Unspecified
Details:	Fixed remuneration: A$45,000 per annum including director fees, effective 1 December 2018 Notice period: Unspecified

Name:	Mr David Garrison
Title:	Chief Financial Officer
Term of agreement:	Indefinite until terminated pursuant to termination clause
Details:	Fixed remuneration: US$210,000 per annum, effective 18 December 2017 Notice period: Unspecified

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Remuneration report (audited) (cont.)

(g) Share-based compensation

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price A$	Fair value per option at grant date A$
Mr Ralph Schmitt	750,000	30/11/2017	06/11/2017	29/11/2022	$0.35	$0.2328
Mr Ralph Schmitt	750,000	30/11/2017	06/11/2018	29/11/2022	$0.35	$0.2328
Mr Ralph Schmitt	750,000	30/11/2017	06/11/2019	29/11/2022	$0.35	$0.2328
Mr Ralph Schmitt	750,000	30/11/2017	06/11/2020	29/11/2022	$0.35	$0.2328
Mr David Garrison	375,000	08/12/2017	08/12/2017	17/12/2022	$0.35	$0.1997
Mr David Garrison	375,000	08/12/2017	08/12/2018	17/12/2022	$0.35	$0.1997
Mr David Garrison	375,000	08/12/2017	08/12/2019	17/12/2022	$0.35	$0.1997
Mr David Garrison	375,000	08/12/2017	08/12/2020	17/12/2022	$0.35	$0.1997
Mr Camillo Martino	250,000	29/04/2019	02/07/2019	03/07/2023	$0.15	$0.0646
Mr Camillo Martino	250,000	29/04/2019	02/07/2020	03/07/2023	$0.15	$0.0646
Mr Camillo Martino	250,000	29/04/2019	02/07/2021	03/07/2023	$0.15	$0.0646
Mr Allan Brackin	333,333	29/04/2019	01/12/2019	30/11/2023	$0.15	$0.0675
Mr Allan Brackin	333,333	29/04/2019	01/12/2020	30/11/2023	$0.15	$0.0675
Mr Allan Brackin	333,334	29/04/2019	01/12/2020	30/11/2023	$0.15	$0.0675

Options granted carry no dividend or voting rights. Option vesting is subject to the holder remaining in office up to the vesting date. There are no other vesting conditions.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

(h) Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration*	Other additions**	Other disposals***	Balance at the end of the year
Ordinary shares					
Mr Allan Brackin	909,091	-	1,075,000	-	1,984,091
Mr Ralph Schmitt	1,518,182	1,491,046	-	-	3,009,228
Mr Jonathan Tooth	11,784,386	-	14,328	-	11,798,714
Mr George Lauro	915,755	-	-	-	915,755
Mr Camillo Martino	772,727	-	-	-	772,727
Mr Matthew Morgan (resigned)	3,255,691	-	-	(3,255,691)	-
Mr David Garrison	745,455	770,236	-	-	1,515,691
	19,901,287	2,261,282	1,089,328	(3,255,691)	19,996,206

Remuneration report (audited) (cont.)

(h) Additional disclosures relating to key management personnel (cont.)

* Shares received as part of remuneration relate to the settlement of bonuses accrued in the year ended 30 June 2019. The Company attributed a cash value of A$0.11 per share. Further details are provided in the FY19 remuneration tables .

** Other on market purchases and director's participation in the Group's capital raising during the year.

*** Other disposals relate to KMP holdings on the date they ceased to be a KMP.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr Allan Brackin	1,000,000	-	-	-	1,000,000
Mr Ralph Schmitt	3,000,000	-	-	-	3,000,000
Mr Camillo Martino	750,000	-	-	-	750,000
Mr David Garrison	1,500,000	-	-	-	1,500,000
	6,250,000	-	-	-	6,250,000

Other transactions with key management personnel and their related parties

During the previous year, the Group received a US$650,000 promissory note from a related entity of Mr Jonathan Tooth, a director of the Group. The loan has a term of 12 months, with a 11.75% per annum interest rate payable quarterly. The promissory note remains outstanding as at 30 June 2020.

This concludes the remuneration report, which has been audited.

Shares under option and warrants

(i) Unissued ordinary shares of Sensera Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price A$	Number under option
30 November 2017	29 November 2022	$0.35	3,000,000
8 December 2017	17 December 2022	$0.35	1,500,000
1 July 2018	30 June 2022	$0.15	800,000
29 April 2019	3 July 2023	$0.15	750,000
29 April 2019 **	19 December 2020	$0.15	333,333
1 January 2019	30 November 2023	$0.15	150,000
1 January 2019	31 December 2023	$0.11	100,000
24 September 2020	23 September 2024	$0.06	1,500,000
24 September 2020	23 September 2025	$0.06	3,700,000
			11,833,333

*** This parcel is held by Mr Allan Brackin who resigned as a director on 20 October 2020. Upon Mr Brackin's resignation 666,667 of his unvested options lapsed and the expiry date for the remaining vested options was reset to 19 December 2020.*

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

(ii) Unissued ordinary shares of Sensera Limited subject to warrants at the date of this report are as follows:

Grant date	Expiry date	Exercise price A$	Number
09/10/2019	23/10/2023	Lower of A$0.18 or the theoretical ex-rights price (TERP) of any future capital raise to increase shares on issue by more than 15%	29,755,556
25/11/2019	24/11/2023	Lower of A$0.18 or the TERP of any future capital raise to increase shares on issue by more than 15%	5,800,000
20/05/2020	19/05/2025	Lower of A$0.03 or the TERP of any future capital raise to increase shares on issue by more than 15%	51,200,000
			86,755,556

Shares issued on the exercise of options
There were no ordinary shares of Sensera Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

Insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 30 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr Ralph Schmitt
Managing Director

29 October 2020

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Auditor's Independence Declaration

To the Directors of Sensera Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Sensera Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 29 October 2020

Corporate Governance Statement

Sensera Limited and the board are committed to achieving and demonstrating the highest standards of corporate governance. Sensera Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2020 corporate governance statement is dated as at 29 October 2020 and reflects the corporate governance practices in place throughout the 2020 financial year and up to the 29 October 2020. The 2020 corporate governance statement was approved by the board on 29 October 2020. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at sensera.com.

General information

These financial statements are consolidated financial statements for the Group consisting of Sensera Limited and its subsidiaries. A list of subsidiaries is included in Note 26 (Interests in other entities).

Sensera Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

C/- Baudin Consulting Pty Ltd
Level 14, 440 Collins Street
Melbourne VIC 3000

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 October 2020. The Directors have the power to amend and reissue the financial statements.

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

	Note	Consolidated 2020 US$	Consolidated 2019 US$
Revenue			
Revenue from contracts with customers	2	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		357,510	-
Other gains/(losses) - net		(73,670)	(116,817)
Fair value gain on refinanced secured loan		444,687	-
Total other income / gains and losses		894,542	(28,218)
Operation, overheads and administrative expenses	3	(6,708,356)	(10,709,166)
Research and development expenses		(194,078)	(1,341,274)
Selling and marketing expenses	3	(1,609,569)	(1,362,559)
Total operating expenses		(8,512,003)	(13,412,999)
Restructuring expenses		(1,217,555)	-
Depreciation and amortisation expense	3	(963,486)	(120,206)
Impairment of goodwill		(1,886,061)	-
Additional finance costs attributable to secured loan refinancing		(1,555,742)	
Finance costs	3	(857,391)	(113,411)
Loss before income tax (expense)/benefit		(8,430,539)	(9,528,614)
Income tax (expense)/benefit	4	99,984	(6,443)
Loss after income tax (expense)/benefit for the year		(8,330,555)	(9,535,057)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		122,797	(230,099)
Other comprehensive income for the year, net of tax		122,797	(230,099)
Total comprehensive income for the year		(8,207,758)	(9,765,156)
		US$ Cents	**US$ Cents**
Loss per share	32	(2.71)	(4.03)
Diluted loss per share	32	(2.71)	(4.03)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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

	Note	Consolidated 2020 US$	Consolidated 2019 US$
Assets			
Current assets			
Cash and cash equivalents	5	1,395,057	838,136
Trade and other receivables	6	920,362	2,001,688
Inventories	7	1,157,023	1,151,838
Current tax asset	4	80,119	-
Other current assets	9	110,735	377,539
Total current assets		3,663,296	4,369,201
Non-current assets			
Property, plant and equipment	10	821,714	920,627
Right-of-use assets	8	1,794,702	-
Intangible assets	11	7,664,029	9,466,142
Total non-current assets		10,280,445	10,386,769
Total assets		13,943,741	14,755,970
Liabilities			
Current liabilities			
Trade and other payables	12	1,584,443	3,026,701
Customer deposits	2	-	618,923
Borrowings	13	2,000,000	2,466,064
Lease liabilities	8	1,002,497	-
Employee benefit obligations		121,860	135,714
Provisions	16	883,690	500,350
Other liabilities - government	17	620,925	-
Total current liabilities		6,213,415	6,747,752
Non-current liabilities			
Borrowings	13	3,075,951	-
Lease liabilities	8	851,677	-
Warrant liabilities	14	1,223,007	-
Deferred tax liabilities		920,318	920,318
Total non-current liabilities		6,070,953	920,318
Total liabilities		12,284,368	7,668,070
Net assets		1,659,373	7,087,900
Equity			
Issued capital	18	31,173,047	28,476,830
Reserves	19	123,561	84,869
Accumulated losses		(29,637,235)	(21,473,799)
Total equity		1,659,373	7,087,900

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

Consolidated	Issued capital US$	Common control reserve US$	Share-based payments reserves US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
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)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 18)	8,070,088	-	-	-	-	8,070,088
Share-based payments (note 29)	169,206	-	286,184	-	-	455,390
Lapsed options	-	-	(162,754)	-	162,754	-
Balance at 30 June 2019	28,476,830	(1,208,466)	1,137,730	155,605	(21,473,799)	7,087,900

Consolidated	Issued capital US$	Common control reserve US$	Share-base payments reserves US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2019	28,476,830	(1,208,466)	1,137,730	155,605	(21,473,799)	7,087,900
Adjustment for initial application of AASB16 leases	-	-	-	-	(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	-	-	-	-	(8,330,555)	(8,330,555)
Other comprehensive income for the year, net of tax	-	-	-	122,797	-	122,797
Total comprehensive income for the year	-	-	-	122,797	(8,330,555)	(8,207,758)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 18)	2,696,217	-	-	-	-	2,696,217
Share-based payments (employees) (note 29)	-	-	165,277	-	-	165,277
Lapsed options	-	-	(249,382)	-	249,382	-
Balance at 30 June 2020	31,173,047	(1,208,466)	1,053,625	278,402	(29,637,235)	1,659,373

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

	Note	Consolidated 2020 US$	2019 US$
Cash flows from operating activities			
Receipts from customers and others		12,387,097	9,204,460
Payments to suppliers and employees		(16,143,041)	(17,362,012)
		(3,755,944)	(8,157,552)
Government grants – COVID-19		687,072	-
Net cash used in operating activities	20	(3,068,872)	(8,157,552)
Cash flows from investing activities			
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)
Cash flows from financing activities			
Proceeds from issue of shares	18	2,154,005	8,459,494
Proceeds from borrowings		4,816,134	2,466,064
Share issue transaction costs	18	(137,135)	(468,295)
Interest and other finance costs paid		(408,086)	(113,411)
Repayment of borrowings		(1,956,226)	-
Lease 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	5	1,395,057	838,136

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 (IOTS)**: 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 IoT solutions business segment is based in Berlin, Germany.

(b) Financial breakdown

Consolidation - 2020	MicroDevices US$	IOTS US$	Total US$
Segment revenue	4,811,885	6,985,914	11,797,799
Segment EBITDA**	(1,332,367)	(3,580,153)	(4,912,520)
Corporate EBITDA	-	-	(141,400)
Total EBITDA	(1,332,367)	(3,580,153)	(5,053,920)
*** IOTS Segment EBITDA includes an impairment charge US$1,886,061 (2019: Nil)*			
Depreciation and amortisation	(898,137)	(65,349)	(963,486)
Finance costs - segment	(115,996)	(2,190)	(118,186)
Finance costs (including additional debt refinancing costs) - corporate	-	-	(2,294,947)
Loss before income tax benefit	(2,346,500)	(3,647,692)	(8,430,539)
Income tax benefit			99,984
Loss after income tax benefit			(8,330,555)
Assets			
Segment assets	3,644,248	10,204,865	13,849,113
Corporate assets	-	-	94,628
Total assets	3,644,248	10,204,865	13,943,741
Liabilities			
Segment liabilities	2,893,718	1,850,732	4,744,450
Corporate liabilities	-	-	7,539,918
Total liabilities	2,893,718	1,850,732	12,284,368

Note 1. Operating segments (continued)

Consolidated - 2019	MicroDevices US$	IOTS US$	Total US$
Segment revenue	3,417,472	6,762,384	10,179,856
Segment EBITDA	(4,989,322)	(2,499,088)	(7,488,503)
Corporate EBITDA	-	-	(1,689,772)
Total EBITDA	(4,989,322)	(2,499,088)	(9,178,275)
Depreciation and amortisation	(87,383)	(32,823)	(120,206)
Finance costs - segment	-	(291)	(291)
Finance costs - corporate	-	-	(229,842)
Loss before income tax expense	(5,076,705)	(2,532,202)	(9,528,614)
Income tax expense			(6,443)
Loss after income tax expense			(9,535,057)
Assets			
Segment assets	2,077,624	12,548,048	14,625,672
Corporate assets	-	-	130,298
Total assets	2,077,624	12,548,048	14,755,970
Liabilities			
Segment liabilities	1,117,326	2,614,122	3,731,448
Corporate liabilities	-	-	3,936,622
Total liabilities	1,117,326	2,614,122	7,668,070

Note 2. Revenue

(a) Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2020	MicroDevices US$	IOTS US$	Total US$
Timing of revenue recognition			
Goods transferred at a point in time	3,174,023	6,985,914	10,159,937
Services transferred over time	1,637,862	-	1,637,862
	4,811,885	6,985,914	11,797,799

Consolidated - 2019	MicroDevices US$	IOTS US$	Total US$
Timing of revenue recognition			
Goods transferred at a point in time	2,045,406	6,762,384	8,807,790
Services transferred over time	1,372,066	-	1,372,066
	3,417,472	6,762,384	10,179,856

(i) Information about major customers

The Group had the following major customers with revenues amounting to 10 percent or more of total Group revenues:

Note 2. Revenue (continued)

	2020 %	2019 %
Customer A (IOTS segment)	42%	44%
Customer B (MicroDevices segment)	28%	21%

(b) Assets and liabilities related to contracts with customers

	Consolidated	
	2020 US$	2019 US$
Customer deposits - IOTS contracts	-	618,923

(c) Accounting policies and significant judgments

(i) Sale of goods

Revenue from the sale of microelectromechanical systems (MEMS) and location awareness products are recognised at a point in time. The performance obligation is satisfied when the customer has access and thus control of the product. This occurs at the time of delivery of goods to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Services

Revenue from the provision of engineering services is recognised over time in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Some contracts include multiple deliverables. In this case, the transaction price will be allocated to each performance obligation based on the relative stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Critical judgments in allocating the transaction price

Revenue relating to the provision of services is recognised based on managements' best estimate of forecast final costs required to complete the service and the forecast final margin. Management reviews these forecasts on a regular basis and adjusts revenue recognised when there are material changes.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Note 3. Breakdown of expenses by nature

	Consolidated	
	2020	**2019**
	US$	**US$**
Loss before income tax includes the following specific expenses:		
Operation, overheads and administrative expenses		
Accounting, audit, legal and taxation expenses	438,903	427,332
Employee related costs	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
Selling and marketing expenses		
Employee related costs	1,362,042	834,147
Business development	46,256	162,994
Marketing consultants	42,174	58,163
Travel	159,097	307,255
Total selling and marketing expenses	1,609,569	1,362,559
Depreciation and amortisation		
Depreciation of property, plant and equipment	167,023	120,206
Amortisation of leased assets	790,521	-
Amortisation of intangibles	5,942	-
	963,486	120,206
Finance costs		
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 4. Income tax

	Consolidated 2020 US$	Consolidated 2019 US$
Income tax expense/(benefit)		
(Decrease) / increase in deferred tax liabilities	-	6,443
Decrease / (increase) in current tax asset	(80,119)	-
Other	(19,865)	-
Aggregate income tax expense/(benefit)	(99,984)	6,443
Income tax expense/(benefit) is attributable to:		
Loss from continuing operations	(99,984)	6,443
Aggregate income tax expense/(benefit)	(99,984)	6,443
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(8,430,539)	(9,528,614)
Tax at the statutory tax rate of 27.5%	(2,318,398)	(2,620,369)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Net impact of amounts not deductible (taxable)	778,267	166,122
	(1,540,131)	(2,454,247)
Difference in overseas tax rates	(79,238)	(44,323)
Tax losses and other timing differences for which no deferred tax asset is recognised	1,519,385	2,505,013
Income tax expense/(benefit)	(99,984)	6,443

	Consolidated 2020 US$	Consolidated 2019 US$
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	26,286,360	20,761,325
Potential tax benefit @ 27.5%	7,228,749	5,709,364

	Consolidated 2020 US$	Consolidated 2019 US$
Current tax asset		
Current tax asset	80,119	-

Note 5. Cash and cash equivalents

	Consolidated 2020 US$	Consolidated 2019 US$
Current assets		
Cash at bank	1,395,057	838,136

Note 5. 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 at 30 June 2020 US$60,330 was restricted as it was held on deposit as security for office leases (2019: US$31,118).

Note 6. Trade and other receivables

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

(i) 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.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 22 (Financial risk management) section b (credit risk).

(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.

(iii) Impairment and risk exposure

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in Note 22 Financial risk management.

Note 7. Inventories

	Consolidated 2020 US$	Consolidated 2019 US$
Current assets		
Raw materials and stores	187,723	409,990
Work in progress	62,289	24,538
Finished goods	907,011	717,310
	1,157,023	1,151,838

Note 8. Right-of-use assets and lease liabilities

(a) Amounts recognised in the statement of financial position

	Consolidated 2020 US$	Consolidated 2019 US$
Non-current assets		
Land and buildings - right-of-use	235,393	-
Less: Accumulated depreciation	(7,153)	-
	228,240	-
Plant and equipment - right-of-use	1,761,733	-
Less: Accumulated depreciation	(195,271)	-
	1,566,462	-
Total lease right-of-use assets	1,794,702	-
Lease liability		
Current lease liability	1,002,497	-
Non-current lease liability	851,677	-
Total lease liability	1,854,174	-
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,002,700	-
One to five years	1,077,802	-
Total undiscounted lease liabilities	2,080,502	-

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

	Consolidated 2020 US$	Consolidated 2019 US$
Interest expense	115,955	-
Lease amortisation expense	790,521	-
	906,476	-

Note 8. Right-of-use assets and lease liabilities (continued)

(c) The Groups leasing activities and how these leases are accounted for:

The Group has adopted AASB 16 Leases during the year ended 30 June 2020 using the modified retrospective approach. The modified retrospective 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 Group 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 Group 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 Group. 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.

	Straight line
Leasehold property	2.75 years
Plant and equipment	2 years

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. The Group's incremental borrowing rate was 11.75% as of 1 July 2019. The Group has assessed the option to extend these leases and has determined that these options will not be exercised.

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.

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 35 (Changes in accounting policies). A description of the lease accounting policies for the previous financial year are also set out in Note 35 (Changes in accounting policies).

Note 8. Right-of-use assets and lease liabilities (continued)

(d) Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases or leases of low value assets.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. The lease expense, relating to lease payments not included in the measurement of the lease liability is US$702,753 (2019:1,508,959). These costs are included under the headings of occupancy costs and equipment lease and associated costs (Refer Note; 3)

Note 9. Other current assets

	Consolidated 2020 US$	Consolidated 2019 US$
Current assets		
Prepayments	97,660	116,834
Deposits and other items	13,075	260,705
	110,735	377,539

Note 10. Property, plant and equipment

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

Note 10. Property, plant and equipment (continued)

Consolidated	R&D equipment US$	Furniture and fittings US$	Leasehold improvements US$	Other fixed assets US$	Total US$
Balance at 1 July 2018	142,070	15,749	49,688	573,362	780,869
Additions	232,959	1,661	25,153	101,043	360,816
Disposals	-	-	-	(73,376)	(73,376)
Exchange differences	-	-	-	(27,477)	(27,477)
Depreciation expense	(47,597)	(4,402)	(16,510)	(51,696)	(120,205)
Balance at 30 June 2019	327,432	13,008	58,331	521,856	920,627
Additions	42,937	10,708	21,680	(7,209)	68,116
Exchange differences	-	-	-	(6)	(6)
Depreciation expense	(65,201)	(4,574)	(20,379)	(76,869)	(167,023)
Balance at 30 June 2020	305,168	19,142	59,632	437,772	821,714

(i) Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

R&D equipment	6 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Other fixed assets	3 - 10 years

See Note 34(m) (Summary of significant accounting policies) for the other accounting policies relevant to property, plant and equipment.

Note 11. Intangible assets

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

Note 11. Intangible assets (continued)

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

Consolidated	Goodwill US$	Patents US$	Capitalised development costs US$	Software US$	Total US$
Balance at 1 July 2018	5,959,850	67,231	3,017,992	-	9,045,073
Additions	-	62,799	44,039	480,171	587,009
Exchange differences	-	-	(165,940)	-	(165,940)
Balance at 30 June 2019	5,959,850	130,030	2,896,091	480,171	9,466,142
Additions	-	11,390	125,469	-	136,859
Exchange differences	-	-	(41,765)	(5,204)	(46,969)
Impairment of assets	(1,886,061)	-	-	-	(1,886,061)
Amortisation expense	-	(5,942)	-	-	(5,942)
Balance at 30 June 2020	4,073,789	135,478	2,979,795	474,967	7,664,029

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 (an indefinite life intangible asset) have suffered any impairment on an annual basis. All of these assets are allocated to the IOTS CGU/Segment.The recoverable amount of the cash generating unit (CGU) was determined based on estimated fair value less costs of disposal. The fair value, based on the fair value hierarchy in Note 15, is considered to be level 3 as it is a Director's valuation of the required return for its nanotron (IOTS) business. This valuation was based on the fair value less costs of disposal (FVLCD) method which was used over the value in use (VIU) due to the business being in start up and loss making with the Directors' belief that the FVLCD method provided the more appropriate valuation.

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 Group and that are believed to be reasonable under the circumstances.

Note 12. Trade and other payables

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

Refer to note 22 for further information on financial risk management.

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

Note 12. Trade and other payables (continued)

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

(i) Trade payables
The balance as at 30 June 2020 includes US$26,378 (2019: US$64,854) due to key management personnel of the Group.

Note 13. Borrowings

	Consolidated	
	2020	**2019**
	US$	**US$**
Current liabilities		
Secured loan at fair value (i)	1,000,000	-
Promissory notes - unsecured (ii)	1,000,000	1,000,000
Invoice financing - secured (iii)	-	1,466,064
	2,000,000	2,466,064
Non-current liabilities		
Secured loan at fair value(i)	3,075,951	-
	5,075,951	2,466,064

Refer to note 22 for further information on financial risk management.

(i) Secured loan at fair value
In September 2019, the Group secured a A$6,400,000 (equivalent to US$4,325,972) four-year secured loan 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. These arrangements included the grant of 35,555,556 warrants to the lenders to acquire ordinary shares in the Group (See Note 18(iii) for warrant details). Borrowing costs comprising the fair value of the warrants as at grant date US$800,971 and other transaction costs US$163,131 were being amortised over the term of the loan using the effective interest method.
Secured loan refinancing event
In May 2020, a further 51,200,000 warrants to acquire ordinary shares (See Note 18(iii) for warrant details) were issued to the secured debt lenders in exchange for waiving financial covenants and other concessions under the facility including the interest for the three months ended 8 April 2020 totalling US$125,534. This debt extinguishing event resulted in an additional debt financing cost of US$1,555,742 comprising the fair value of the warrants as at grant date and the existing unamortised borrowing costs being written off. This was partly offset by the recognition of a fair value gain of US$444,687 attributable to the measurement of the principal outstanding as at restructure date discounted to its present value using the incremental borrowing rate.

(ii) Promissory notes
Promissory notes (unsecured) comprise a debt agreement with a key investor and a related entity of 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 A$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.

Note 13. Borrowings (continued)

(iv) Fair value
The fair values of borrowings at amortised cost 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.

(v) Risk exposures
Details of the Group's exposure to risks arising from borrowings are set out in Note 22 (Financial risk management).

Note 14. Warrant liabilities

	Consolidated 2020 US$	Consolidated 2019 US$
Non-current liabilities		
Warrant derivative	1,223,007	-

The warrant derivative represents the fair value of following grants of unlisted share warrants to acquire fully paid ordinary shares:

Tranche (Grant date)	Warrants	Expiry date	Exercise price A$	Fair value per warrant as at 30 June 2020 A$
Tranche I (19/10/2019)	29,755,556	23/10/2023	$0.18	$0.01
Tranche II (25/11/2019)	5,800,000	24/11/2023	$0.18	$0.01
Tranche III (20/05/2020)	51,200,000	19/05/2025	$0.03	$0.02

All warrants are held by PURE Asset Management Pty Ltd and Altor Capital Management Pty Ltd. Tranche I and Tranche II were granted as part of the initial secured loan arrangements Tranche III was granted as part of subsequent secured loan refinancing arrangements. Refer Note 13 – Borrowings.

The warrants are all considered to be derivative financial instruments, revalued to fair value at the end of the reporting period in accordance with the accounting standards. The fair value of the warrants as at their respective grant dates were treated as costs associated with arranging and the subsequent refinancing of the secured loan facility referred to above. Any gain or loss arising as a result of fair value revaluations subsequent to grant date were recognised in the statement of profit or loss and other comprehensive income under the heading of Gain/(loss) on remeasurement of warrant derivatives.

Refer to Note 22 for further information on financial risk management.

Refer to Note 15 for further information on recognised fair value measurements.

Note 15. Recognised fair value measurements

Fair value hierarchy
The following table provides the fair values of the Group's financial instruments measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Note 15. Recognised fair value measurements (continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Consolidated - 2020	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial liabilities				
Promissory notes (unsecured)	-	-	1,000,000	1,000,000
Loans (secured)	-	-	4,075,951	4,075,951
Warrant derivatives	-	-	1,223,007	1,223,007
Total liabilities	-	-	6,298,058	6,298,058

Consolidated - 2019	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial liabilities				
Invoice financing (secured)	-	-	1,466,064	1,466,064
Promissory notes (unsecured)	-	-	1,000,000	1,000,000
Total liabilities	-	-	2,466,064	2,466,064

There were no transfers between levels of the hierarchy for recurring fair value measurements during the year ended 30 June 2020.

Note 16. Provisions

	Consolidated	
	2020 **US$**	**2019** **US$**
Current liabilities		
Restructuring (i)	529,185	-
Other	354,505	500,350
	883,690	500,350

(i) Restructuring
The provision for restructuring relates to one time redundancy charges and related legal costs incurred resulting in a more streamlined cost efficient IOTS operation. These liabilities were committed and communicated before year end and before the half year ended 31 December 2019.

Note 17. Other liabilities - government

	Consolidated	
	2020	**2019**
	US$	**US$**
Current liabilities		
Subsidies and grants received in advance	620,925	-

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. During the year ended 30 June 2020, the Group received specific grants in relation to the COVID-19 pandemic. The US Payroll Protection Program was the largest component and comprises the liability above. These amounts are not considered to be income due to the uncertainties around the process still required to be completed with the US Government to confirm the amounts are not required to be paid back. Refer Note 21 (Significant estimates and judgements)

Note 18. Issued capital

	Consolidated			
	2020	**2019**	**2020**	**2019**
	No. Shares	**No. Shares**	**US$**	**US$**
Ordinary shares - fully paid	322,125,055	272,751,012	31,173,047	28,476,830

Movements in ordinary share capital

Details	**Date**	**Number of shares**	**US$**
Balance	1 July 2018	163,971,878	20,237,536
Issue at A$0.11 pursuant to placement	20 August 2018	5,136,364	410,190
Issue at A$0.11 pursuant to rights issue	11 September 2018	75,159,192	6,002,093
Issue at A$0.11 pursuant to placement	14 March 2019	25,318,183	1,973,729
Issue at A$0.11 pursuant to placement	23 May 2019	1,954,546	152,371
Deemed issue between A$0.12 and A$0.27 pursuant to ESOP (FY 2018)		1,210,849	169,206
Less: Transaction costs arising on share issues		-	(468,295)
Balance	1 July 2019	272,751,012	28,476,830
Issue at A$ 0.08 pursuant to placement	8 October 2019	37,500,000	2,077,800
Issue at A$ 0.08 pursuant to SPP	8 October 2019	1,375,000	76,205
Deemed issue between A$0.08 and A$0.11 pursuant to ESOP (FY19)		10,499,043	679,347
Less: Transaction costs arising on share issues		-	(137,135)
Balance	30 June 2020	322,125,055	31,173,047

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.

Note 18. Issued capital (continued)

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

Options
Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out below.

(i) Movements in options

	Number of options	US$
Balance at 1 July 2018	8,500,000	1,014,300
Issue of ESOP unlisted options A$0.15 each (01/07/2018)	800,000	41,810
Lapse of unlisted options at A$0.40 (25/04/2019)	(750,000)	(98,831)
Issue of ESOP unlisted options A$0.15 each (29/04/2019)	1,750,000	21,201
Amortisation of share-based payments for options issued in prior period	-	223,173
Reclassify lapsed options from reserves to accumulated losses	-	(63,923)
Balance at 30 June 2019	10,300,000	1,137,730

	Number of options	US$
Balance at 1 July 2019	10,300,000	1,137,730
Issue of ESOP unlisted options A$0.15 each (01/01/2019)	150,000	5,053
Issue of ESOP unlisted options A$0.105 each (01/01/2019)	100,000	3,676
Lapse of unlisted options at A$0.50 (25/04/2020)	(1,750,000)	(249,382)
Amortisation of share-based payments for options issued in prior period	-	156,548
Balance at 30 June 2020	8,800,000	1,053,625

(ii) Options outstanding at the end of the reporting period.

Grant date	Expiry date	Exercise price $A	Number of options	Number 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
08/12/2017	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

Note 18. Issued capital (continued)

Share warrants

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

Tranche	Number of warrants	Exercise price $A	Expiry date
Tranche I (19/10/2019)	29,755,556	Lower of A$0.18 or the theoretical ex-rights price (TERP) of any future capital raise to increase shares on issue by more than 15%	23/10/2023
Tranche II (25/11/2019)	5,800,000	Lower of A$0.18 or the theoretical ex-rights price (TERP) of any future capital raise to increase shares on issue by more than 15%	24/11/2023
Tranche III (20/05/2020)	51,200,000	Lower of A$0.03 or the theoretical ex-rights price TERP of any future capital raise to increase shares on issue by more than 15%	19/05/2025

Note 19. Reserves

	Consolidated 2020 US$	Consolidated 2019 US$
Common control reserve	(1,208,466)	(1,208,466)
Foreign currency translation reserve	278,402	155,605
Share-based payments reserve	1,053,625	1,137,730
	123,561	84,869

(i) Nature and purpose of reserves

Common control

The common control reserve recognises differences arising from the business combination between Sensera Limited and Sensera Inc. under the pooling of interest method.

Foreign currency translation

Exchange differences arising on translation of operations into United States dollars are recognised in other comprehensive income as described in Note 34 (Summary of significant accounting policies) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Share-based payments

The share-based payment reserve records items recognised as expenses on valuation of share options issued to key management personnel, other employees and eligible contractors.

Note 20. Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	Consolidated 2020 US$	2019 US$
Loss after income tax (expense)/benefit for the year	(8,330,555)	(9,535,057)
Adjustments for:		
Depreciation and amortisation	963,486	120,205
Impairment of goodwill	1,886,061	-
Share-based payments	165,277	538,108
Foreign exchange differences	152,911	(1,100)
Expected credit losses	-	18,523
Finance income	-	(93)
Finance costs	857,391	113,411
Additional finance costs attributable to secured loan refinancing	1,555,742	-
(Gain)/loss on remeasurement of warrant derivative	(357,510)	-
Fair value gain on refinanced secured loan	(444,687)	
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,081,326	(804,188)
Increase in inventories	(5,185)	(704,141)
Decrease in other operating assets	266,804	372,210
Increase/(decrease) in trade and other payables	(1,442,258)	1,662,260
Increase/(decrease) in customer deposits	620,925	(24,190)
Increase in deferred tax liabilities	-	6,443
Decrease in employee benefits	(13,854)	-
Increase in other provisions	383,340	-
Increase/(decrease) in other operating liabilities	(408,086)	80,057
Net cash used in operating activities	(3,068,872)	(8,157,552)

(b) Non-cash investing and financing activities

- shares issued to employees under the employee security ownership plan (ESOP) for no cash consideration. Refer to Note 18 (Issued capital).
- warrants and options issued for no cash consideration. Refer to Note 29 (Share -based payments) and to Note 14 (Warrant liabilities).

Note 21. 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. Refer to Note 2 (Revenue).
- Estimated goodwill, software and capitalised development costs impairment and estimated useful lives to determine amortisation. Refer to Note 11(Intangible assets).
- Estimation of expected credit losses on trade receivables.
- Estimation of share-based payments.
- Estimation of the valuation of warrant derivatives.
- Evaluation of going concern. Refer to Note 34 (Summary of significant accounting policies).
- Estimate of property, plant and equipment useful lives. Refer to Note 10 (Property, plant and equipment).
- Determination of incremental borrowing rate and the inclusion of lease extension options. Refer to Note 8 (Right-of - use assets and lease liabilities) and Note 35 (Changes in accounting policies).
- Determination of fair value of secured loans post extinguishing event. Refer to Note 13 (Borrowings).
- Assessing whether or not the grant conditions had been fully satisfied for the US Payroll Protection Program funding received. Refer Note 17 (Other liabilities – government).
- The impact of Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to determine the potential impact positive or negative after the reporting date.

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 Group and that are believed to be reasonable under the circumstances.

Note 22. Financial risk management

Financial risk management objectives
This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Note 22. Financial risk management (continued)

Risk	Exposure arising from	Measurement	Management's assessment and control
Market risk - foreign exchange	Transactions denominated in A$ and EUR from the Group's operations	Cash flow forecasting	Management engaged a foreign exchange expert to obtain advice and forecasts on the movement of exchange rates between A$, EUR and US$ to form decision on entering into forward contracts to hedge its exposure to foreign exchange fluctuation. As at and for the year ended 30 June 2020, no contracts have been entered.
	Translation of the Group's A$ and EUR operations to US$ on consolidation	N/A	N/A
Credit risk	Receivables from NRE contracts collectible only on completion of milestones specified in these contracts	Cash flow forecasting	Management works closely with its key customers to ensure that milestones are achieved in a timely manner in order to receive payments for services provided
Liquidity risk	Ability to repay creditors when payments are due	Cash flow forecasting	Management reviews the Group's cash position and run rate (versus budget) on a monthly basis to ensure payments are made when they fall due.

The Group’s risk management is carried out by the board and the Group's senior management team to identify, evaluate and hedge financial risks (if required) in close co-operation with the Group's operating units. This process includes reviewing the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss and other comprehensive income:

	Consolidated	
	2020	**2019**
	US$	**US$**
Amounts recognised in profit or loss:		
Net foreign exchange gain/(loss) included in other gains/(losses)	(73,670)	(117,196)
Net gain/(losses) recognised in other comprehensive income (Note 19 Reserves):		
Translation of foreign currency operations	122,797	(230,099)

Sensitivity

The sensitivity of the profit or loss to changes in the exchange rates arises mainly from A$ and EUR denominated financial instruments and the impact on other components of equity arises from the translation of foreign currency financial statements into US$.

Note 22. Financial risk management (continued)

	Impact on loss for the period 2020 US$	Impact on loss for the period 2019 US$	Impact on other components of equity 2020 US$	Impact on other components of equity 2019 US$
US$/A$ exchange rate - change by 1.8% (2019: 1.8%)*	100,763	7,923	1,585	3,187
US$/EUR exchange rate - change by 0.8% (2019: 0.8%)*	2,624	3,319	227	400

* Holding all other variables constant

(b) Credit risk
Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as credit exposures to customers who are public and private organisations in the technology industry, including outstanding receivables.

(i) Risk management

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

The Group's customer base consists of public sectors, listed companies in the United States and large and reputable private entities. Management maintain a close relationship with their customers' executives and senior management to ensure that milestones specified in the contracts are met in a timely manner. Management updates its cost forecasts on a regular basis for all on-going contracts.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

(ii) Impairment of financial assets

The Group has one type of financial asset subject to the expected credit loss model being trade receivables for sales of inventory and from the provision of engineering services.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial

Trade receivables and contract assets

The Group applies the AASB 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The ECL rates are based on the payment profiles of sales over a period of 36 months before 30 June 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Note 22. Financial risk management (continued)

On that basis, the loss allowance as at 30 June 2020 from the ECL method was determined to be US$ 27,011 (2019: US$ 39,454). This amount was ascertained based on an individual client analysis; the identified loss beyond this at a portfolio level was determined to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 121 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Note 22. Financial risk management (continued)

(i) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not material.

Contractual maturities of financial liabilities

Consolidated - 2020	Weighted average interest rate %	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,178,498	-	-	-	1,178,498
Interest-bearing						
Promissory notes	11.75%	1,175,000	-	-	-	1,175,000
Loans	16.00%	1,600,000	-	3,568,103	-	5,168,103
Total non-derivatives		3,953,498	-	3,568,103	-	7,521,601
Derivatives						
Warrant liabilities	-	1,223,007	-	-	-	1,223,007
Total derivatives		1,223,007	-	-	-	1,223,007

Consolidated - 2019	Weighted average interest rate %	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives						
Non-interest bearing						
Trade payables	-	2,003,032	-	-	-	2,003,032
Interest-bearing						
Invoice financing	12.00%	1,641,992	-	-	-	1,641,992
Promissory notes	10.00%	1,100,000	-	-	-	1,100,000
Total non-derivatives		4,745,024	-	-	-	4,745,024

Note 23. Capital management

(a) Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Management assesses the Group’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

As at 30 June 2020, the Group had a total credit facility capacity of US$5,412,000 (2019: US$3,100,000) of which US$5,412,000 was drawn down (2019: US$2,466,064) with several external parties, including a related party.

Note 23. Capital management (continued)

(b) Dividends

No dividends were declared or paid to members for the year ended 30 June 2020 (2019: nil). The Group’s franking account balance was nil at 30 June 2020 (2019: nil).

Note 24. Contingent liabilities

The Group had no contingent liabilities at 30 June 2020 (2019: nil).

Note 25. Commitments

As at 30 June 2020, the group had the following non-cancellable operating lease contracted but not capitalised in the financial statements:

	Consolidated	
	2020	**2019**
	US$	**US$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	1,353,080
One to five years	-	197,554
	-	1,550,634

These leases related to:

- Office suite lease in Woburn, Massachusetts. The lease had 12-month term which expired on 29 February 2020 and now operates on a month by month ;

- Office suite lease in Berlin, Germany. The lease has 5-year term, expiring on 31 July 2020;

- Equipment lease for assets located in Boston, Massachusetts which expires in June 2021.

As at 1 July 2019 these leases were commuted to right-of-use assets and lease liabilities due to the initial application of AASB16 Leases.

Refer to Note 8 Right-of use-assets and lease liabilities and Note 35 Changes in accounting policies.

Note 26. Interests in other entities

The Group’s principal subsidiaries at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership interest	
	Principal place of business /	**2020**	**2019**
Name	**Country of incorporation**	**%**	**%**
Sensera Inc.	United States	100%	100%
nanotron Technologies GmbH	Germany	100%	100%

Note 27. Events after the reporting period

1. On 17 August 2020, the Company issued 1,342,351 shares under the Employee Security Ownership Plan.
2. On 24 September 2020, the Company granted 5,200,000 Options pursuant to the Employee Security Ownership Plan Share and Board approved Long Term Incentive arrangements. The options were issued with an exercise price of A$0.06 and expiry dates of 23 September 2024 (1,500,000 options) and 23 September 2025 (3,700,000 options). The Company also advised that had agreed to grant further 4,000,000 Options subject to Shareholder approval.
3. On 6 October 2020, the Company announced the sale of its wholly owned subsidiary nanotron Technologies GmbH (nanotron) to Inpixon (NASDAQ: INPX), for US$8,700,000 cash of which US$6,100,000 was used to repay all Group borrowings. Under the terms of the transaction, US$750,000 of sales proceeds are subject to "holdback terms" to cover transaction representations, warranties, and completion clauses. Debt servicing costs will be reduced by over US$600,000 per year.
4. On 20 October 2020, the Company announced the following board changes. Mr Allan Brackin resigned as Director and Board Chair. Mr Camillo Martino, a Silicon Valley based independent non-executive director was then appointed Board Chair. Mr George Lauro also resigned as a non-executive director and Mr Simon Peeke was appointed as additional Australian based independent non-executive director.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 28. Related party transactions

(a) Subsidiaries
Interests in subsidiaries are set out in note 26.

(b) Key management personnel compensation

	Consolidated	
	2020 US$	2019 US$
Short-term employee benefits	538,645	872,786
Share-based payments	129,991	244,372
	668,636	1,117,158

Detailed remuneration disclosures are provided in the remuneration report .

(c) Loans to/from related parties

	Consolidated	
	2020 US$	2019 US$
Loans from director related entity		
Beginning of the year	650,000	-
Loans advanced	-	650,000
Interest charged	83,685	22,931
Interest paid	(60,535)	(22,931)
End of year	673,150	650,000

(d) Terms and conditions

On 22 February 2019, the Group entered into a US$650,000 unsecured promissory note loan arrangement with an entity controlled by Mr Jonathan Tooth. Details of the terms and conditions are set out under the Note 13(ii) Borrowings – promissory notes.

Note 29. Share-based payments

(a) Employee security ownership plan

The establishment of the 'employee security ownership plan' (ESOP) was approved by shareholders at the 2017 annual general meeting. The plan is designed to provide long-term incentives for employees (including directors) and consultants to deliver long-term shareholder returns.

Set out below are summaries of options granted under the plan:

	Number of options 2020	Weighted average exercise price A$ 2020	Number of options 2019	Weighted average exercise price A$ 2019
Outstanding at the beginning of the financial year	10,300,000	$0.41	8,500,000	$0.39
Granted during the year	250,000	$0.13	2,550,000	$0.21
Lapsed during the year	(1,750,000)	$0.50	(750,000)	$0.40
Outstanding at the end of the financial year	8,800,000	$0.29	10,300,000	$0.35
Vested and exercisable at the end of the financial year **	5,941,666	$0.33	5,700,000	$0.41

***Option vesting is subject to the holder remaining in office and or employment up to the vesting date. There are no other vesting conditions.*

Share options outstanding at the end of the year have the following expiry date and exercise prices:

2020

Grant date	Expiry date	Exercise price A$	Number at the start of the year	Number granted	Number exercised	Number expired/ forfeited/ other	Number at the end of the year
26/04/2017	25/04/2020	$0.50	1,750,000	-	-	(1,750,000)	-
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	-	-	-	3,000,000
08/12/2017	17/12/2022	$0.35	1,500,000	-	-	-	1,500,000
01/07/2018	30/06/2022	$0.15	800,000	-	-	-	800,000
29/04/2019	03/07/2023	$0.15	750,000	-	-	-	750,000
29/04/2019	30/11/2023	$0.15	1,000,000	-	-	-	1,000,000
01/01/2019	30/11/2023	$0.15	-	150,000	-	-	150,000
01/01/2019	31/12/2023	$0.11	-	100,000	-	-	100,000
			10,300,000	250,000	-	(1,750,000)	8,800,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.19 years (2019) 2.76 years.

(i) Fair value of options granted

The assessed fair value of options at grant date was determined using the Black-Scholes option pricing model that takes into account the exercise price, term of the option, security price at grant date and expected price volatility of the underlying security, the expected dividend yield, the risk-free interest rate for the term of the security and certain probability assumptions.

There were no options granted during the year ended 30 June 2020, however, the following options were first recognised during the year ended 30 June 2020. The model inputs for these options included:

Note 29. Share-based payments (continued)

Grant date	Expiry date	Share price at grant date A$	Exercise price A$	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date A$
01/01/2019	30/11/2023	$0.11	$0.15	89.1300%	-	1.9500%	$0.0458
01/01/2019	31/12/2023	$0.11	$0.11	89.1300%	-	1.9500%	$0.0500

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2020 US$	**2019 US$**
Shares issued to employees under ESOP	-	169,206
Shares issued to consultants	-	82,718
Options issued to employees under ESOP	165,277	286,184
Total	165,277	538,108

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Group:

	Consolidated	
	2020 US$	**2019 US$**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	194,512	198,511
Other services - Grant Thornton Audit Pty Ltd		
Other advisory - tax compliance	2,686	15,146
	197,198	213,657

Note 31. Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are:

	Consolidated 2020 US$	Consolidated 2019 US$
Current		
Cash and cash equivalents	1,395,057	838,136
Trade and other receivables	920,362	2,001,688
Inventories	1,157,023	1,151,838
Other current assets	110,735	377,538
Total current assets pledged as security	3,583,177	4,369,200
Non-current		
Property, plant and equipment	821,714	920,627
Intangible assets	7,664,029	9,466,142
Total non-current assets pledged as security	8,485,743	10,386,769
Total assets pledged as security	12,068,920	14,755,969

Note 32. 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:

	Consolidated 2020 US$	Consolidated 2019 US$
Loss after income tax	(8,330,555)	(9,535,057)
	US$ Cents	**US$ Cents**
Loss per share	(2.71)	(4.03)
Diluted loss per share	(2.71)	(4.03)

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

	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	307,047,580	236,338,867

On the basis of the Group's losses, the outstanding options and warrants 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 33. Parent entity information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of profit or loss and other comprehensive income

	Parent	
	2020 **US$**	**2019** **US$**
Loss after income tax	(7,703,026)	(17,406,206)
Total comprehensive loss	(7,703,026)	(17,406,206)

Statement of financial position

	Parent	
	2020 **US$**	**2019** **US$**
Total current assets	14,509	130,298
Total assets	8,278,973	9,544,547
Total current liabilities	2,320,642	3,016,305
Total liabilities	6,619,600	3,016,305
Equity		
Issued capital	31,173,047	28,476,830
Foreign currency translation reserve	(435,626)	(408,289)
Share-based payments reserve	1,053,625	1,137,730
Accumulated losses	(30,131,673)	(22,678,029)
Total equity	1,659,373	6,528,242

As at 30 June 2020, the intercompany loan balance between the parent and its subsidiaries amounted to nil (2019: nil) due to a US$5,108,014 impairment loss on the intercompany loans recognised during the year ended 30 June 2020 (2019: US$18,651,844). An impairment loss on intercompany investments of US$1,149,786 was recognised during the year ended 30 June 2020 (2019: nil).

(b) Guarantees entered into by the parent entity
The parent entity has provided a guarantee over the event of default caused by its subsidiary Sensera, Inc. in relation to its equipment lease arrangements.

(c) Contingent liabilities of the parent entity
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

(d) Contractual commitments for the acquisition of property, plant or equipment
The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2020 (2019: nil).

(e) Determining the parent entity financial information
The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Note 33. Parent entity information (continued)

(f) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 34. 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 general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Sensera Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Sensera Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis except for warrant liabilities that are held at fair value. Refer to Note 14 Warrant liabilities).

(iii) Going concern

The annual report has been prepared on a going concern basis.

For the year ended 30 June 2020, the Group incurred a net loss of US$8,330,555, had operating cash outflows of US$3,068,872 and had a net current asset deficiency of $2,550,119. As at 30 June 2020, the Group's cash and cash equivalents balance was US$1,395,057. These conditions would indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, subsequent to the end of the reporting period and as disclosed in Note 27, the Group has sold its wholly owned subsidiary nanotron Technologies GmbH. This transaction has strengthened the Group’s financial position and cash flow projections over the ensuing 12 months from the date of this report, to the extent the Board considers that sufficient funds exist to enable the Group to pay its debts as and when they fall due for at least the next 12 months from the date of this report. In the event, future funding is required to grow the business, the Group is now debt free and has previously demonstrated capacity to raise funds in debt and equity markets.

(iv) New or amended Accounting Standards and Interpretations adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 16 Leases
- IFRIC Interpretation 23 Uncertainty over income tax treatments

The impact of the adoption of this standard and the new accounting policies are disclosed in Note 35 (Changes in accounting policies).

Note 34. Summary of significant accounting policies (continued)

(b) Principles of consolidation
(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(d) Foreign currency translation
(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US dollars (US$), which is Sensera Limited's presentation currency due to a significant portion of its operations including head office being located in the United States. The functional currency of the parent is the Australian dollar (A$), which is different to its presentation currency of US dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position
- income and expenses for each consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

Note 34. Summary of significant accounting policies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) Revenue recognition
The accounting policies for the Group’s revenue from contracts with customers are explained in Note 2 (Revenue).

(f) Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Note 34. Summary of significant accounting policies (continued)

(g) Right-of-use assets

Leases

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 Group 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.

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 Group'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.

(h) Impairment of assets
Goodwill and intangible assets that have an indefinite useful life and intangible assets not yet ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Cash and cash equivalents
For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(j) Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

See Note 6 (Trade and other receivables) for further information about the Group’s accounting for trade receivables and Note 22 (Financial risk management) for a description of the Group's impairment policies.

Note 34. Summary of significant accounting policies (continued)

(k) Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Investments and other financial assets

(i) Classification

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(v) Income recognition Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(m) Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 34. Summary of significant accounting policies (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in Note 10 Property, plant and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to Note 34(h) (Summary of significant accounting policies).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(n) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) *Capitalised development costs*

Capitalised development costs assets with an indefinite life and are shown at historical cost. Capitalised development costs are not amortised but they are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Development costs are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash- generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which development costs are monitored for internal management purposes, being the operating segments.

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if it is probable that the product or service is technically and commercially feasible, will generate probable economic benefits, adequate resources are available to complete development and cost can be measured reliably. Other development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense as incurred.

(iii) Software

Software (a not yet ready for use intangible asset) is shown at historical cost and amortised from the point at which the assets are ready for use. The assets are subsequently carried at historical cost less accumulated amortisation and less any losses arising from impairment testing.

(iv) Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Note 34. Summary of significant accounting policies (continued)

(o) Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Customer deposits
Customer deposits represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

(q) Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Provisions
Provisions for service warranties and other obligations are recognised when the Group has present service obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(s) Employee benefits
(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Share-based payments

Share-based compensation benefits are provided to employees via the 'employee security ownership plan' (ESOP).

Employee options

The fair value of options granted under the ESOP is recognised as a share-based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the company's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the company over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

Note 34. Summary of significant accounting policies (continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(t) Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Loss per share
(i) Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Rounding of amounts
The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(w) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Note 34. Summary of significant accounting policies (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(y) Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(z) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 35. Changes in accounting policies

(a) AASB 16 Leases

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

(i) Overview

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.

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.

(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 at 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 at 1 July 2019 (AASB 16)	(614,370)
Right-of-use assets (AASB 16)	1,057,727
Lease liabilities - current (AASB 16)	(791,902)
Lease liabilities - non-current (AASB 16)	(348,088)
Lease liabilities (AASB 16)	(1,139,990)
Adjustment to opening accumulated losses as at 1 July 2019	(82,263)

Note 35. Changes in accounting policies (continued)

(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.

(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 to 1 July 2019

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.

(b) IFIRC Interpretation 23 Uncertainty over Income Tax Treatments

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

The adoption of this interpretation has not materially impacted the amounts disclosed in these financial statements.

Sensera Limited
Directors' declaration
30 June 2020

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 34 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

Mr Ralph Schmitt
Managing Director

29 October 2020

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Independent Auditor's Report

To the Members of Sensera Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Sensera Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue (Note 2)	
The Group has recognised Revenue of USD $11,797,799 during the year. This area is a key audit matter due to the nature and assessment of performance obligations and the importance of the Revenue balance to users of the financial statements.	Our procedures included, amongst others: • Understanding the processes used by the Group to record revenues, receivables and contract liabilities; • Assessing the revenue recognition policies for appropriateness and compliance with AASB 15 *Revenue from contracts with customers*; • Performing testing on a sample of transactions to determine whether revenue was recognised in line with the Group's revenue recognition policy and accounting standards; • Analytically reviewing revenue values and associated ratios, with any items outside of audit expectations investigated further; • Evaluating, on a sample basis, significant receivable and contract liability balances by obtaining the corresponding sales contracts and other supporting documentation and testing that appropriate amounts were recognised at the reporting date; and • Evaluating the adequacy of related disclosures in the financial report.
Debt and warrants (Note 13 and 14)	
As at 30 June 2020 the carrying value of Loans was USD $5,075,951 and warrants derivative was USD $1,223,007. This is a key audit matter due to the level of judgements and estimates required by Management in calculating the carrying values and resulting accounting treatment of these instruments.	Our procedures included, amongst others: • Reviewing relevant loan and warrant agreements; • Agreeing year end debt balances to third party confirmations; • Performing analytical review of the interest expense; • Assessing covenant compliance (where applicable); • Reviewing Management's paper on the accounting for warrants and resulting calculations (Black Scholes model), considering the inputs and assumptions made for reasonableness; • Assessing the requirements of AASB 9 *Financial Instruments*; • Engaging our Corporate Finance experts to consider the calculations, inputs and assumptions used, (where relevant); and • Reviewing the disclosures made in the financial statements.

Key audit matter	How our audit addressed the key audit matter
Goodwill and Intangible Assets (Note 11)	
As at 30 June 2020, the carrying value of goodwill was USD $4,073,789, capitalised development costs was USD $2,979,795 and software development costs was USD $474,967. AASB 136 *Impairment of Assets* requires Management to perform an impairment test of indefinite lived intangible assets, intangible assets not yet ready for use, and goodwill at least annually. This is a key audit matter due to the level of judgement and estimation required by Management in calculating the recoverable amount. Management estimated the recoverable amount by using the fair value less cost of disposal method.	Our procedures included, amongst others: • Considering the application of the requirements of AASB 136 *Impairment of Assets* to the Group's impairment testing methodology and model; • Assessing the Group's determination of Cash Generating Units (CGUs); • Assessing the mathematical accuracy and methodology appropriateness of the underlying calculations; and • Assessing the adequacy of the Group's disclosures in the financial statements in respect of AASB 136 *Impairment of Assets* and the requirements therein.
Going concern (Notes 34 (a)(iii)	
The financial statements are prepared on a going concern basis in accordance with AASB 101 *Presentation of Financial Statements.* The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by the Directors and Management in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. These are outlined in the going concern disclosures in the financial statements. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgement.	Our procedures included, amongst others: • Reviewing Management's cash-flow forecast and underlying data used to generate the forecast, to evaluate whether the operations of the business would provide sufficient cash for a period of at least twelve (12) months from the proposed date of signing, in order to satisfy the going concern assumption; • Evaluating Management's ability to forecast by comparing prior period forecasts with actual results; • Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions; • Considering the impact of the disposal of the nanotron subsidiary and associated "Internet of Things" (IOTS) business segment subsequent to year end; and • Considering the adequacy of the going concern disclosures in the financial statements by comparing them to our understanding of the matter and accounting standard requirements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 17 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Sensera Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 29 October 2020

Sensera Limited
Shareholder information
30 June 2020

The shareholder information set out below was applicable as at 21 October 2020

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of ordinary shares
1 to 1,000	56	6,382
1,001 to 5,000	56	190,654
5,001 to 10,000	121	1,064,533
10,001 to 100,000	569	25,095,304
100,001 and over	412	297,110,533
	1,214	323,467,406
Holding less than a marketable parcel	125	273,125

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,356,269	5.37
GUERILLA NOMINEES PTY LTD [TOOTH RETIREMENT PLAN A/C]	11,798,714	3.65
TRITON SYSTEMS INC	10,907,620	3.37
CITICORP NOMINEES PTY LIMITED	9,672,829	2.99
MAPLE MANAGEMENT LTD	7,934,373	2.45
ACN 075312980 PTY LTD [SINGLETON FAMILY S/F A/C]	6,870,000	2.12
ACN 075312980 PTY LTD [BEACON UNIT A/C]	6,595,278	2.04
DR JENS ALBERS	6,238,328	1.93
SARGON CT PTY LIMITED [SENSERA EMPLOYEE PLAN A/C]	4,258,728	1.32
BAYWICK PROPRIETARY LIMITED [THE RETAIL DISCRETIONARY A/C]	4,002,325	1.24
LAMPAM PTY LTD	4,000,000	1.24
MR DAVID CURZON SMITH & MRS DIANE MAURINE SMITH [BADHAM FAMILY A/C]	3,700,000	1.14
DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS [SL & FJ PHILLIPS S/F A/C]	3,105,000	0.96
JINDABYNE CAPITAL PTY LTD [PROVIDENCE EQUITY A/C]	3,000,000	0.93
SUPER RLS PTY LTD [RPLS SUPER FUND A/C]	2,949,057	0.91
MR JOSHUA LEIGH SWEETMAN	2,750,000	0.85
BOND STREET CUSTODIANS LIMITED [LAMAN - D05019 A/C]	2,727,000	0.84
AUSTRALIAN PHILANTHROPIC & SERVICES FOUNDATION P/L [AUSTRALIAN PHIL SERVICE A/C]	2,587,500	0.80
MR JACK SALERNO	2,428,881	0.75
DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS [SL & FJ PHILLIPS PENS F A/C]	2,325,000	0.72
	115,206,902	35.62

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,356,269	5.37

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.

There are no other classes of equity securities that hold voting rights.