

14 November 2018

ASX ANNOUNCEMENT

Senetas to acquire majority interest in Votiro

Senetas Corporation Ltd (ASX: SEN) (Senetas) is pleased to announce a US\$8M investment into leading international provider of content disarm and reconstruction (CDR) technology, Votiro Cybersec Global Limited (Votiro).

The investment, by way of 3 tranches of convertible notes, will provide Senetas with a majority shareholding on conversion of the full investment. An initial investment of US\$4m will occur today with the balance expected to be funded by 30 June 2019 from Senetas's existing cash reserves. See Appendix A for key terms of the notes.

Votiro was established in 2010 by Israeli cybersecurity experts Aviv Grafi and Itay Glick, who developed the File Disarmer; a patented solution that automatically scans and sanitizes each and every file sent or shared with the organization, and reconstructs a fully functional, threat free file in less than a second. Votiro has circa 400 customers and +1.5 million users, largely in the Asia Pacific region, across financial services, critical infrastructure and government. CDR is increasingly recognised as a must-have cybersecurity protection, and Votiro's offering has been recognised by Gartner and has numerous government certifications.

Commenting on the investment, Senetas CEO, Andrew Wilson, said: "Senetas has been looking for compelling investment opportunities that support our vision to provide leading security protection without compromising system performance or user experience. Votiro does just that. Votiro's patented CDR technology expands Senetas's security product suite, and provides access to a rapidly emerging market for protection from zero-day exploits."

Mr. Wilson said: "With proven technology, limited competition and a strong patent portfolio, we are excited about Votiro's growth prospects as well as its synergies with our go-to-market strategy for SureDrop and our virtualised software based encryption solutions (Encryption as a Service).

The investment will fund Votiro's ongoing investment in sales and marketing as the business scales. Senetas anticipates that Votiro will become cash flow positive in CY2020.

"With Senetas's globally-recognised security credentials, strong global distribution relationships and in-house business development capabilities, our goal is to accelerate



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Votiro's market penetration, particularly to open up the US and EMEA markets where Votiro currently has a limited presence."

Post the Votiro investment and the recently announced special and FY2018 final dividends Senetas's balance sheet remains strong with no debt and significant cash reserves to provide the strategic flexibility to continue to invest in our core products and pursue opportunistic investments.

Aviv Grafi, Votiro's CEO and co-founder said, "We are delighted to welcome Senetas as an investor and strategic partner for Votiro. Over the last 18 months, we have developed a strong relationship with Andrew Wilson and the Senetas team, and we recognise the value that they can bring as we scale the Votiro technology. Senetas's security credentials and distribution relationships make their investment so much more than just funding for our growth."

EM Advisory and Herbert Smith Freehills acted as advisors to Senetas. Votiro was advised by Arnold Bloch Leibler.

Further information on Votiro and its patented security solutions can be found at www.votiro.com and in the presentation released to ASX by Senetas today.

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ABOUT SENETAS CORPORATION LIMITED

Senetas, an Australian public listed company (ASX:SEN), is a leading developer of network data encryption solutions for enterprise, government, defence and technology service providers. From certified high-assurance encryption hardware and virtualised encryption, to the most secure file sharing application providing data sovereignty control, all Senetas solutions are based on the same leading security, high performance and crypto-agile platform.

Senetas encryption solutions leverage state-of-the-art encryption key management and crypto-agility by design, providing long-term data protection in a post-Quantum computing world. They share the same designed-in data protection without compromising network and application performance or user experience.

- CN Series – certified high-assurance hardware encryptors for core IT and network infrastructure.



The CN Series features crypto-agility, uncompromising performance and certifications by multiple independent authorities (C.C., FIPS and NATO), providing Senetas customers with the added confidence that CN Series solutions are state-of-the-art and provide maximum security essential for today's infrastructure.

- CV Series – strong virtualised encryption for large-scale extended and virtualised WANs. The CV Series virtual encryptor provides >1Gbps performance and is transport Layer agnostic. The CV Series enables rapid scalability, flexibility and cost-effective data protection, all the way to the virtual edge. The CV Series encryptor uses the same high-assurance Senetas CN Series hardware encryption platform.
- SureDrop – the most secure, “box”-type file sharing application with 100% data location control. SureDrop leverages Senetas's state-of-the-art encryption security to provide secure collaboration and data sovereignty. SureDrop provides the same Senetas crypto-agility, scalability and ease of use as the network data encryption solutions. It is also an ideal solution for service providers' large-scale deployment as a “Security-As-A-Service” customer solution.

Senetas encryptors have been trusted to protect much of the world's most sensitive information for nearly 20 years. They are used to protect everything from government and defence data and secrets, to intellectual property and business data, to financial transactions, CCTV networks, SCADA critical infrastructure control systems and citizen identities.

Senetas CN and CV Series encryptors provide optimised encryption security for everything from modest bandwidth requirements of 10Mbps to the ultra-fast 100Gbps networks required for aggregated Big Data, Cloud and data centre applications.

Senetas encryption solutions are used in more than 35 countries. Senetas encryptors are distributed and supported internationally by Gemalto, the world's largest data security company, under its SafeNet Identity and Data Protection products.

www.senetas.com

About Votiro Cybersec Global Limited

Votiro is an award-winning cybersecurity company with a mission of securing organisations throughout their digital transformation journey. Its proprietary next-generation CDR technology allows users to safely open email attachments, download and transfer files, share content, and use removable media, while keeping performance and functionality intact. With over 400 customers globally, Votiro has offices in US, Singapore, Australia, and Israel. Votiro is a Gartner Cool Vendor award winner and certified by the international standard of Common Criteria for Information Technology Security Evaluation (ISO/IEC 15408). Votiro was co-founded by Aviv Grafi and Itay Glick.



APPENDIX A

Key terms of the notes:

- Tranche 1: US\$4 million, Tranche 2: US\$2 million, Tranche 3: US\$2 million.
- Instrument: Convertible Note plus convertible preference share carrying voting rights until notes convert.
- Interest rate: 8% p.a. payable in shares on conversion
- Security: senior secured over Votiro's Israeli operating company and its assets.
- Conversion / Maturity: 30 June 2020 or earlier on certain M&A events.
- Voting rights: via convertible preference share on a fully diluted basis while notes on foot.
- Governance: Senetas and existing Votiro representatives will each have 2 board members, and a 5th independent board member agreed between both parties.
- Put or call rights: Tranches 2 & 3 at the option of either Votiro or Senetas, subject to agreed criteria.
- Pre-emptive right over future capital raisings.
- Senetas has a first right of refusal in the event of a sale of assets or shares in Votiro.