

Appendix 4D

Senetas Corporation Limited

Results for announcement to the market

ACN 006 067 607

1 Details of the reporting period and the previous corresponding period

	Reporting Period Half-year ended 31 December 2021		Previous Corresponding Period Half-year ended 31 December 2020	
2 Results for announcement to the market	31-Dec-21	31-Dec-20	Change	
	\$	\$	\$	%
2.1 Revenues from ordinary activities	12,836,917	14,271,679	(1,434,762)	(10.05%)
2.2 Net (loss)/profit before tax attributable to members	(2,742,377)	346,166	(3,088,543)	(892.21%)
2.3 Net (loss)/profit after tax attributable to members	(2,753,358)	(387,350)	(2,366,008)	610.82%
2.4 Other comprehensive income for the year attributable to members (foreign currency translation reserve)	292,926	(1,027,165)	1,320,091	128.52%
2.5 Net comprehensive loss after tax attributable to members	(2,460,432)	(1,414,515)	(1,045,917)	73.94%

Brief Explanation of Figures 2.1 to 2.5

Commentary on the results for the period and additional ASX Appendix 4D (Listing Rule 4.2A.3) disclosures can be found in the Interim Financial Report of Senetas Corporation Limited for the period ended 31 December 2021 attached. This document should be read in conjunction with the Annual Report of Senetas Corporation Limited for the year ended 30 June 2021 and any public announcements made in the period by Senetas Corporation Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

3 Movement in retained earnings Please refer to attached Interim Financial Report

4 Dividends and distribution payments

Interim dividend No interim dividend is proposed

Record date for determining entitlements to the final dividend N/A

5 Net tangible asset Backing

	31-Dec-21 (Cents Per Share)	31-Dec-20 (Cents Per Share)
Net tangible asset backing per ordinary security	(0.17)	0.26

6 Details of Entities Over Which Control Has Been Gained or Lost During The Period

None

7 Details of Associates / Joint Venture Holdings

None

Appendix 4D (continued)

8 Other Information on Financial Statements

Please refer to attached Interim Financial Report

9 Foreign Entities – accounting standards used to prepare report

Senetas Europe Ltd - IFRS

10 Other Information

None

11 Independent Review Report

This report is based on accounts which have been reviewed. An unqualified review conclusion has been issued.



Francis W. Galbally
Chairman
Date 25 February 2022



Consolidated Interim Financial Report for the half-year ended 31 December 2021

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CORPORATE INFORMATION

Non-Executive Directors

Francis W. Galbally - Chairman

Lachlan P. Given

Kenneth J. Gillespie

Lawrence D. Hansen

Philip Schofield

Executive Director and Chief Executive Officer

Andrew R. Wilson

Company Secretary

Brendan Case

Registered Office

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Investor Relations

For all investor enquiries

Phone: 1300 787 795

Email: investor@senetas.com

Auditors

Grant Thornton Audit Pty Ltd

Collins Square, Tower 5

727 Collins Street

Melbourne VIC 3008

DIRECTORS' REPORT

Senetas Corporation Ltd

Senetas Corporation Ltd (ASX: SEN) (Senetas / the Company) is a leading developer and manufacturer of certified, high-assurance encryption hardware; virtualised (software based) network encryption; and advanced encrypted file sharing application.

Your directors are pleased to submit their report for the half-year ended 31 December 2021 (HY22).

Names, Qualifications, Experience and Special Responsibilities

The following directors were in office for the entire financial year and until the date of this report unless otherwise noted:

Francis W. Galbally	Director (Non-Executive Chairman)
Andrew R. Wilson	Director (Executive)
Lachlan P. Given	Director (Non-Executive)
Kenneth J. Gillespie	Director (Non-Executive)
Lawrence D. Hansen	Director (Non-Executive)
Philip Schofield	Director (Non-Executive)

DISTRIBUTIONS PAID AND PROPOSED

	Cents	\$
Distributions paid during the year:	Nil	Nil

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the entities within the consolidated group during the year was the sale of IT security products which provide network data security solutions to businesses and governments around the world.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs.

OPERATING & FINANCIAL REVIEW

HY2022 Financial Highlights:

- Group operating revenue of \$12.8 million – down 10%
- Votiro revenue up 82%
- Votiro annual recurring revenue (ARR) up 63% and subscription ARR up 135%
- strong take up on Votiro's new subscription/ SaaS model
- Key customer wins included Votiro's largest ever sale to an Asia Pacific government agency worth over US\$1 million annually
- COVID and other supply chain delays have led to a global shortage of electronic components that temporarily impacted Senetas revenues which was 21% lower
- Senetas sales pipeline is strong and significantly ahead of any other time in the past 12 months
- Group net loss before tax was \$4.8 million including a net loss before tax for Votiro of \$5.6 million
- Group net loss after tax attributable to members of \$2.8 million
- No debt and cash on hand at 31 December 2021 of \$9.7 million

DIRECTORS' REPORT

HY2022 Group Financials

Six months ended 31 December 2021 (\$000's)	HY2022	HY2021
Revenue from ordinary activities	12,837	14,272
Gross profit	10,350	12,159
Other income	3	349
Profit (loss) before tax	(4,861)	(1,666)
Tax expense	75	(734)
Net profit (loss) after tax	(4,786)	(2,399)
Net profit (loss) after tax attributable to members	(2,753)	(387)

- Group operating revenue of \$12.8 million was down 10% over the prior period (HY2021: \$14.3 million)
- Group revenue was 10% lower as strong growth in revenue for Votiro was offset by the COVID related component shortages and supply chain issues temporarily impacting the Senetas segment
- Group operating revenue includes \$2.8 million of revenue from Votiro for the period (HY2021: \$1.5 million)
- Gross margin for the Group of 81% - lower than the prior period due to higher inventory transfers to Senetas's global distribution partner, Thales
- The Group net loss before tax of \$4.9 million includes a \$5.8 million operating loss before tax for Votiro
 - \$2.0 million of the Votiro loss is attributable to minority interests
 - Votiro loss before tax includes large non-cash items such as share based payments expense and amortisation totalling \$1.8 million
- The Group net loss after tax was \$4.8 million including a \$5.6 million loss after tax from Votiro – net loss after tax attributable to members was \$2.8 million
- The operating profit before tax for the Senetas operating segment in HY2022 was \$1.0 million
- Cost reduction initiatives continued to provide further benefits in HY2022 with corporate overheads down by over 10% compared to the prior period
- Senetas retains a strong balance sheet with no debt and \$9.7 million of cash on hand at 31 December 2021

Commenting on the six months to 31 December 2021, Senetas CEO, Andrew Wilson, said: "HY2022 has delivered some significant progress for the Votiro business, but has also brought some near term challenges for the Senetas business due to the global shortage of electrical components.

"Votiro's recent progress has exceeded our expectations with some very important new client wins and ARR reaching US\$3.9 million at the end of December 2021, up 63% on the prior year. Significantly, after the release of Votiro's new SaaS subscription offering during the period, subscription ARR was up 135% to US\$2.6 million driven by the strong uptake in markets outside Japan.

"The December 2021 quarter was Votiro's strongest ever with billings.

"Key customer wins during the period included Votiro's largest ever sale to an Asia Pacific government agency that is worth over US\$1 million annually for a minimum of 3 years. Large enterprise customers represent a significant opportunity for Votiro and its early success in targeting larger corporate and government customers has seen its average deal size double in the past 12 months.

DIRECTORS' REPORT

"Votiro's growth outlook is very encouraging with a strong schedule of proof of concept trials and increasing customer enquiry creating a large pipeline of opportunities as we enter the 2022 calendar year.

"The global shortage of electronic components across the industry is creating some near term challenges for the Senetas business. Whilst Senetas's sales pipeline is in as strong a position as it has been in for some time, customers are delaying order confirmation and shipment because of delays they are facing in building their new networks.

"The strength of the pipeline from the US market is particularly encouraging, and we are also seeing good pipeline growth from the South American and European regions, however, shipment of these orders once finalised is likely to be extended over the next 12-18 months whilst the component shortages persist across the industry.

"Both Senetas and Thales have invested to build additional inventory in order to fulfill orders as required, however, there has been a temporary impact on sales, gross margins and cash on hand in HY2022.

"One of the highlights for the half year was the strong sales of our 100Gbps encryptors, which doubled compared to the prior period and have now become the largest single revenue generating product for Senetas.

"The component shortages are expected to remain an issue throughout most of 2022 and we anticipate that Senetas segment revenue could be up to 10% lower in FY2022. However, with a strong contribution from Votiro we continue to expect consolidated group revenue will be higher than in FY2021.

Group overview

Group revenue was 10% lower in HY2022 with 82% growth in Votiro revenue offset by the COVID related component shortages and supply chain issues temporarily impacting the Senetas segment.

Gross margins for the group were lower due to higher inventory transfers to Senetas's global distribution partner, Thales. Votiro gross margins remain in excess of 90%.

Group net loss before tax was \$4.8 million which included a net loss before tax for Votiro of \$5.8 million. The Group net loss after tax attributable to members was \$2.8 million

Senetas's balance sheet remains strong with \$9.7 million of cash on hand at 31 December 2021 and no debt.

Votiro operational review

Votiro's revenue growth of 82% was driven by strong growth in new client wins and renewals in both the Asia Pacific and US markets.

Votiro's annual recurring revenue (ARR) at 31 December 2021 was US\$3.9 million, up 63% compared to ARR at 31 December 2020. The key driver of ARR growth was subscription ARR which grew 135% following the release of Votiro's new SaaS product during the period, with strong uptake of the new product in both the US and Asia Pacific markets.

Votiro's HY2022 loss before tax was \$5.8 million up 13% on the prior period, with good revenue growth offset by higher costs as Votiro builds business capability and expands its footprint in the US and Asia Pacific regions. The loss before tax includes non-cash items of \$1.8 million relating to amortisation and share based payments expense. Votiro's after tax loss was \$5.6 million, \$2 million of which is attributable to the minority interests in Votiro.

Total contract value for Votiro at 31 December 2021 was US\$7.3 million and average deal size has doubled since HY2021.

Key client wins were achieved through HY2022 across a wide range of enterprises including large government agencies, financial institutions and industrial companies across Asia Pacific, US and Europe.

DIRECTORS' REPORT

The key customer wins during included Votiro's largest ever sale to an Asia Pacific government agency worth over US\$1 million annually for a minimum of 3 years. The Asia Pacific is currently Votiro's largest market accounting for US\$1.5 million of subscription ARR and US\$2.8 million of total ARR.

Votiro is continuing to build a strong schedule of proof of concept (POC) trials and POC conversion remains very strong with Votiro consistently winning in head to head technology trials against its competitors.

The North American market opportunity remains significant and is still expected to become Votiro's largest market in the near term with an extensive sales pipeline as we enter calendar 2022. Target customers for Votiro include enterprises that have a large daily volume of inbound documents; high velocity businesses that can't afford security delays in file/email delivery; large teams across multiple locations; access to sensitive and confidential data; and where document fidelity is essential.

With a strong sales pipeline and conversion rate, ARR is expected to more than double in the next 12 months driven by growth in sales of its SaaS offering with the non-SaaS ARR (largely support and maintenance in Japan) expected to remain largely constant.

Following the strong results to date and the very encouraging outlook for the Votiro business, Senetas has continued to fund Votiro's growth in recent months via a secured debt facility that stands at US\$2.5 million at the end of February 2022.

Senetas operational review

Senetas segment revenue in HY2022 was impacted by COVID and other supply chain delays that have created a global shortage of electronic components that temporarily impacted Senetas revenue. Sales revenue was lower in the US and European markets, but was higher in Asia Pacific. Maintenance revenue in HY2022 represented 46% of total Senetas segment revenue.

The customer pipeline remains robust, but component shortages across the industry globally have had the effect of extending the lead time for orders and, in particular, have caused delays to customer's network upgrade projects, which impacts the timing of Senetas's product shipments.

Both Senetas and Thales have invested to build additional inventory in order to fulfill orders as required, however, this has caused a temporary reduction in Senetas's gross margins in HY2022 and cash on hand 31 December 2021.

Senetas segment profit before tax was \$1.0 million (HY2021: \$3.5 million) which reflects the lower sales and maintenance revenue. Lower revenue was partly offset by lower overheads with Senetas's operating expenses almost 10% below the prior period.

Whilst the electronic component shortages are expected to remain an ongoing issue throughout most of 2022, Senetas anticipates some easing of those shortages towards the back end of the calendar year.

Sales highlights included the good sales of Senetas's 100Gbps encryptors, with sales in HY2022 doubling compared to the prior period. Senetas's 100Gbps encryptors are now the largest single revenue generating product for the company. SureDrop sales remain very small but are significantly higher than HY2021. We continue to be encouraged by the level of customer interest, with most sales at this stage in the Asia Pacific region, with increasing focus going forward on international opportunities via Thales.

The current pipeline of customer orders for Senetas products is very strong across all regions and significantly ahead of any other time in the past 12 months. The orders from the US, South American and European regions are particularly encouraging, however, shipment of these orders once finalised is likely to be extended over the next 12-18 months whilst industry component shortages persist.

The major R&D focus during the period has been on product upgrades including building improved functionality and quantum readiness capabilities for Senetas's transport independent mode hardware encryptors, and building enhanced capabilities for Senetas's virtualised encryption products for operation in much wider range of cloud gateway environments.

DIRECTORS' REPORT

Balance sheet and cash flow

Consolidated net assets at 31 December 2021 were \$11.3 million with no debt and cash on hand of \$9.7 million. The lower net assets at 31 December 2021 reflect the consolidation of the current period loss from Votiro. Lower cash on hand at 31 December 2021 reflects the impact of the Votiro losses and a build up of inventory in Senetas to mitigate impacts from the global electronic component shortage and longer lead times.

Receipts from customers were slightly ahead of revenue for HY2022. Group net cash outflows from operating activities was \$2.4 million, comprising \$0.4 million of operating cash outflows for the Senetas business segment and \$2.0 million of operating cash outflows for the Votiro business segment.

Outlook

Commenting on the Company's outlook, Mr Wilson said: "As we enter the second half of the FY2022 financial year, the growth outlook for the Votiro's business remains very encouraging with strong momentum building across both the US and Asia Pacific regions. The December 2021 quarter was Votiro's strongest quarter ever and its total contract value at the end of December 2021 was US\$7.3 million.

"With a full schedule of POC trials early in 2022 and consistently beating our competitors in head to head technology trials, we expect Votiro will more than double its ARR over the next 12 months driven by sales of Votiro's SaaS offering.

"Whilst the Asia Pacific region is currently Votiro's largest market, we continue to see the US market as providing the greatest sales opportunities and it is expected to become Votiro's largest market in the near term.

The Senetas business will continue to be impacted by global component shortages for the remainder of FY2022 and into early FY2023. Despite this global market disruption, Senetas's pipeline of customer orders is very strong and significantly ahead of any other time in the past 12 months. Senetas has significantly increased inventory levels to mitigate the impact on sales, however, we anticipate the increase lead times for shipment of Senetas's products may lead to a temporary reduction in Senetas's revenue for FY2022 up to 10%.

"With strong revenue growth from Votiro in FY2022 we continue to expect consolidated group revenue to be higher than in FY2021".

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There are no significant events after reporting date.

ROUNDING

The Company is an entity to which ASIC Class Order 2016/191 applies and, accordingly the amounts contained in the financial report have been rounded to the nearest \$1 (where rounding is applicable).

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is not subject to any particular or significant environmental regulations.

Signed in accordance with a resolution of the directors.



Francis W. Galbally

Chairman

Date 25 February 2022

Auditor's Independence Declaration

To the Directors of Senetas Corporation Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Senetas Corporation Limited for the half-year ended 31 December 2021, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 25 February 2022

Interim Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		CONSOLIDATED	
	Notes	December 2021 \$	December 2020 \$
Revenue from contracts with customers	1	12,836,917	14,271,679
Revenue		12,836,917	14,271,679
Cost of sales		(2,486,491)	(2,112,832)
Gross profit		10,350,426	12,158,847
Other income	2	2,655	348,516
Employee benefits expense	3(a)	(8,591,486)	(7,518,227)
Depreciation and amortisation expense	3(b)	(1,561,669)	(1,675,694)
Administration expenses	3(c)	(3,479,708)	(3,069,646)
Professional fees	3(d)	(730,106)	(728,510)
Other expenses	3(e)	(819,193)	(1,135,670)
Finance costs	3(f)	(32,137)	(45,383)
(Loss)/Profit before income tax		(4,861,218)	(1,665,767)
Income tax benefit /(expense)	4	74,957	(733,516)
(Loss)/Profit after income tax		(4,786,261)	(2,399,283)
Other comprehensive income/(loss)			
Items that may be subsequently classified to profit or loss			
Foreign currency translation reserve		363,403	(1,355,567)
Other comprehensive income/(loss) for the period		363,403	(1,355,567)
Total comprehensive (loss)/ income for the period, net of tax		(4,422,858)	(3,754,850)
(Loss)/profit for the period is attributable to:			
Owners of the parent		(2,753,358)	(387,350)
Non-controlling interest		(2,032,903)	(2,011,933)
		(4,786,261)	(2,399,283)
Total comprehensive (loss)/profit for the period is attributable to:			
Owners of the parent		(2,460,432)	(1,414,515)
Non-controlling interest		(1,962,426)	(2,340,335)
		(4,422,858)	(3,754,850)
Earnings per share			
Basic, profit for the period attributable to ordinary equity holders of the Parent.		(0.25)	(0.04)
Diluted, profit for the period attributable to ordinary equity holders of the Parent.		(0.25)	(0.04)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2021

		CONSOLIDATED	
	Notes	December 2021 \$	June 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents		9,697,086	11,846,643
Trade receivables and contract assets	6	5,326,939	4,620,660
Inventories		2,996,214	2,020,676
Other assets		1,077,763	900,202
Current income tax receivable		464,841	75,985
Total current assets		19,562,843	19,464,166
Non-current assets			
Long-term cash deposit		91,667	91,667
Non-current prepayments		34,637	36,388
Deferred tax asset		975,212	890,366
Plant and equipment		913,734	1,020,469
Goodwill and intangible assets	8	10,036,067	10,704,829
Right-of-use asset		749,197	889,672
Total non-current assets		12,800,514	13,633,391
TOTAL ASSETS		32,363,357	33,097,557
LIABILITIES			
Current liabilities			
Trade and other payables		3,959,188	2,484,408
Contingent consideration liability		27,649	31,362
Contract liabilities	7	8,097,397	7,309,333
Lease liabilities		290,722	277,132
Provisions		1,620,686	1,447,858
Total current liabilities		13,995,642	11,550,093
Non-current liabilities			
Deferred tax liabilities		2,374,017	2,381,273
Provisions		59,335	49,644
Contract liabilities	7	4,137,589	3,931,602
Lease liabilities		543,290	694,392
Contingent consideration liability		-	22,258
Total non-current liabilities		7,114,231	7,079,169
TOTAL LIABILITIES		21,109,873	18,629,262
NET ASSETS		11,253,484	14,468,295
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	9	104,323,581	104,316,022
Accumulated losses		(93,213,566)	(90,460,208)
Reserves		3,338,331	2,489,327
Equity attributable to owners of the parent		14,448,347	16,345,141
Non-controlling interests		(3,194,863)	(1,876,846)
TOTAL EQUITY		11,253,484	14,468,295

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

Interim Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	CONSOLIDATED	
	December 2021	December 2020
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	13,066,633	12,965,161
Payments to suppliers and employees	(15,045,720)	(13,198,227)
Income tax paid	(406,002)	(1,166,790)
Interest received	10,811	37,581
Net cash flows from operating activities	(2,374,278)	(1,362,275)
Cash flows used in investing activities		
Purchase of plant and equipment	(169,886)	(144,432)
Purchase of other intangibles	(26,466)	(63,029)
Net cash flows used in investing activities	(196,351)	(207,461)
Cash flows used in financing activities		
Proceeds from issued capital	518,050	-
Payment of interest on lease liability	(24,871)	(38,164)
Payment of principal portion of lease liability	(137,512)	(261,560)
Net cash flows used in financing activities	355,667	(299,724)
Net decrease in cash and cash equivalents	(2,214,962)	(1,869,460)
Net foreign exchange differences	65,405	(76,349)
Cash and cash equivalents at beginning of the period	11,846,643	15,711,373
Cash and cash equivalents at end of period	9,697,086	13,765,564

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

Interim Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders of Senetas Corporation Ltd					Owners of the parent	Non-controlling interest	Total equity
	Contributed equity	Accumulated (losses) / profits	Foreign currency translation reserve	Employee benefits reserve	Other reserves	Total		
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED								
At 1 July 2020	104,316,022	(86,751,692)	14,840	1,245,392	582,186	19,406,748	909,804	20,316,552
Loss for the period	-	(387,350)	-	-	-	(387,350)	(2,011,933)	(2,399,283)
Other comprehensive income	-	-	(1,027,165)	-	-	(1,027,165)	(328,402)	(1,355,567)
Total comprehensive income	-	(387,350)	(1,027,165)	-	-	(1,414,515)	(2,340,335)	(3,754,850)
Transactions with owners in their capacity as owners								
Acquisition of non-controlling interests	-	-	-	-	(2,951)	(2,951)	2,951	-
Share based payments expense	-	-	-	653,793	-	653,793	441,317	1,095,110
At 31 December 2020	104,316,022	(87,139,042)	(1,012,325)	1,899,185	579,235	18,643,075	(986,263)	17,656,812
	\$	\$	\$	\$		\$	\$	\$
At 1 July 2021	104,316,022	(90,460,208)	(664,565)	3,020,590	133,301	16,345,141	(1,876,846)	14,468,295
Loss for the period	-	(2,753,358)	-	-	-	(2,753,358)	(2,032,903)	(4,786,261)
Other comprehensive income	-	-	292,926	-	-	292,926	70,477	363,403
Total Comprehensive Income	-	(2,753,358)	292,926	-	-	(2,460,432)	(1,962,426)	(4,422,858)
Transactions with owners in their capacity as owners								
Proceeds from issued capital							518,050	518,050
Acquisition of non-controlling interests	-	-	-	-	112,696	112,696	(112,696)	-
Options converted to shares	7,559			(7,559)		-		-
Share based payments expense	-	-	-	450,942	-	450,942	239,055	689,997
At 31 December 2021	104,323,581	(93,213,566)	(371,639)	3,463,973	245,997	14,448,347	(3,194,863)	11,253,484

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

Notes to the Interim Financial Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

FINANCIAL PERFORMANCE

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FOR THE HALF YEAR ENDED 31 DECEMBER 2021

ABOUT THIS REPORT

The interim condensed consolidated financial report of Senetas Corporation Limited and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2021 were authorised for issue in accordance with a resolution of directors on 25 February 2022.

Senetas Corporation Limited (the Company or the Parent) is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The Company is a for-profit entity.

The nature of the operations and principal activities of the Group are described in the Directors' report. The registered office of Senetas Corporation Limited is at 312 Kings Way, South Melbourne, Victoria 3205, Australia.

BASIS OF PREPARATION

The interim condensed consolidated financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* issued by the Australian Accounting Standards Board (AASB). The interim condensed consolidated financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial report as at 30 June 2021.

The interim consolidated financial report has been prepared on an historical cost basis except for contingent consideration and investment securities that have been measured at fair value.

The interim consolidated financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

The accounting policies adopted in the preparation of the interim consolidated financial report are consistent with those followed in the preparation of the Group's annual report for the year ended 30 June 2021.

The financial report has been prepared on a going concern basis. At 31 December 2021, the Group had cash and cash equivalents of \$9.7m. The Group has prepared scenarios which consider varying levels of unfavourable impacts from the COVID-19 pandemic on trading activities and its cash reserves. Based on these scenarios, the Group contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business for a period of 12 months from the date of these financial statements.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim consolidated financial report requires management to make judgements, estimates and assumptions that affect reported amounts in the interim financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying values of these assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

In preparing the interim consolidated financial report, the significant estimates, judgements and assumptions made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the most recent annual report as at 30 June 2021.

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

FINANCIAL PERFORMANCE SECTION

1 REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers

	CONSOLIDATED	
	December 2021	December 2020
	\$	\$
Sale of goods	5,416,130	6,588,756
Product maintenance and subscription revenue	6,816,070	6,771,497
Provision of services	604,717	911,426
Total revenue from contracts with customers	12,836,917	14,271,679
Geographical markets		
Asia Pacific	3,600,577	2,257,956
United States	5,270,553	6,491,058
Europe	3,965,787	5,522,665
Total revenue from contracts with customers	12,836,917	14,271,679
Timing of revenue recognition		
Goods transferred at a point in time	6,020,847	7,500,182
Services transferred over time	6,816,070	6,771,497
Total revenue from contracts with customers	12,836,917	14,271,679

The aggregate amount of transaction prices (i.e. unrecognised revenue) allocated to incomplete performance obligations, at the reporting date, is as follows:

Sale of goods	-	-
Product maintenance and subscription revenue	12,234,986	10,673,923
Provision of services	-	-
Total	12,234,986	10,673,923

Of the aggregate amount of transaction prices (i.e. unrecognised revenue) allocated to incomplete performance obligations, at the reporting date the following amounts are expected to be recognised.

Product maintenance and subscription revenue expected to be recognised within:

	\$	\$
One (1) year of the reporting date	8,097,397	6,678,565
Two (2) years from the reporting date	2,509,276	2,319,649
Three (3) years from the reporting date	1,116,408	1,130,970
Between four (4) and five (5) years	511,905	544,739
Total	12,234,986	10,673,923

2 OTHER INCOME

Government grants	-	300,520
Interest income	2,655	28,291
Other income	-	19,705
Total	2,655	348,516

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

3 EXPENSES

	Notes	CONSOLIDATED	
		December 2021	December 2020
		\$	\$
(a) Employee benefits expense			
Salaries & wages		7,653,035	6,215,625
Superannuation		248,454	207,492
Share based payment expense		689,997	1,095,110
Total		8,591,486	7,518,227
Depreciation:			
Plant and equipment		256,847	292,558
Leasehold improvements		23,843	24,571
Right-of-use asset		140,474	190,554
Amortisation:			
Customer relationships	8	123,025	123,150
Software	8	1,017,480	1,044,861
Total		1,561,669	1,675,694
(c) Administration expenses			
Premises costs		284,764	207,553
Travel expenditure		149,256	23,200
Telephone and internet expenditure		86,319	84,708
Insurance expenditure		281,683	261,275
Marketing expenditure		1,020,304	960,313
External contractors -sales and corporate		1,657,382	1,532,597
Total		3,479,708	3,069,646
(d) Professional fees			
Certification, testing and direct R&D expenditure		278,975	128,270
Legal fees		200,690	358,277
Professional services		250,441	241,963
Total		730,106	728,510
(e) Other expenses			
Subscriptions and membership fees		343,341	165,403
Re-measurement of contingent consideration liability		(21,227)	(12,490)
Net loss on foreign exchange		10,432	774,087
Other expenses		486,647	208,670
Total		819,193	1,135,670
(f) Finance costs			
Bank fees and service charges		7,266	7,219
Interest expense on lease liabilities		24,871	38,164
Total		32,137	45,383

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

4 INCOME TAX

		CONSOLIDATED	
		December 2021	December 2020
	Notes	\$	\$
(a)	<i>Major components of income tax expense in the Interim Consolidated Statement of Comprehensive Income are:</i>		
	<i>Current income tax</i>		
	Current income tax charge	(108,915)	(908,759)
	Adjustments in respect of current income tax of previous periods	104,178	-
	<i>Deferred income tax</i>		
	Relating to origination and reversal of temporary differences	79,694	175,243
	Income tax (expense)/benefit reported in the Interim Consolidated Statement of Comprehensive Income	74,957	(733,516)

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

5 SEGMENT INFORMATION

Basis of segment identification

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Senetas's chief operating decision maker is the Chief Executive Officer (CEO). The CEO provides strategic direction and management oversight of the day to day activities of the Group in terms of monitoring results and approving strategic planning. Operating segments have been identified based on the information provided to the CEO.

The Group has two reportable segments - the product division (Senetas) and solutions technology division (Votiro). In accordance with the master distribution agreement and other direct customers, both product sales and maintenance services are inter-related and reported as one (1) product division reportable segment.

The following tables present the revenue and profit information regarding reportable segments for the half-years ended 31 December:

Half-year ended 31 December 2021	Senetas	Votiro	Total	
	\$	\$	\$	
<i>Segment revenue - Revenue from contracts with customers</i>				
Sale of equipment	5,416,130	-	5,416,130	
Product maintenance and subscription revenue	4,629,600	2,186,470	6,816,070	
Provision of services	38,608	566,109	604,717	
Total Segment revenue	10,084,338	2,752,579	12,836,917	
	Senetas	Votiro	Eliminations	Total
	\$	\$	\$	\$
<i>Result</i>				
Segment profit/(loss) before tax	950,567	(5,811,785)	-	(4,861,218)
Income tax (expense) /benefit	(164,144)	239,103	-	74,957
Segment profit/(loss) after tax	786,421	(5,572,682)	-	(4,786,261)
<i>Income / (expenses)</i>				
Depreciation and amortisation	(449,398)	(1,112,271)	-	(1,561,669)
Share based payments expense	(23,884)	(666,113)	-	(689,997)

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

5 SEGMENT INFORMATION (CONTINUED)

Half-year ended 31 December 2021	Senetas	Votiro	Eliminations	Total
	\$	\$	\$	\$
Non-current assets	19,500,287	9,965,522	(16,665,294)	12,800,514
Total assets	37,553,435	14,163,833	(19,353,911)	32,363,357
Total liabilities	(12,873,523)	(10,924,967)	2,688,617	(21,109,873)
Net assets	24,679,912	3,238,866	(16,665,294)	11,253,484
Cashflows				
Operating activities	(394,402)	(1,979,876)	-	(2,374,278)
Investing activities	(836,013)	(49,449)	689,111	(196,351)
Financing activities	(2,818,733)	3,863,511	(689,111)	355,667
Half-year ended 31 December 2020	Senetas	Votiro		Total
	\$	\$		\$
Segment revenue - Revenue from contracts with customers				
Sale of equipment		6,588,756	-	6,588,756
Product maintenance and subscription revenue		6,164,593	606,904	6,771,497
Provision of services		6,493	904,933	911,426
Total Segment revenue		12,759,842	1,511,837	14,271,679
	Senetas	Votiro	Eliminations	Total
	\$	\$	\$	\$
Result				
Segment profit/(loss) before tax	3,464,426	(5,130,193)	-	(1,665,767)
Income tax expense / (benefit)	(930,474)	196,958	-	(733,516)
Segment profit/(loss) after tax	2,533,952	(4,933,235)	-	(2,399,283)
Income / (expenses)				
Depreciation and amortisation	(489,972)	(1,185,722)	-	(1,675,694)
Share based payments expense	(12,271)	(1,082,839)	-	(1,095,110)
Non-current assets	13,967,274	11,192,008	(10,416,718)	14,742,564
Total assets	37,234,007	12,450,481	(12,659,888)	37,024,600
Total liabilities	(13,520,431)	(8,129,333)	2,243,170	(19,406,594)
Net assets	23,713,576	4,321,148	(10,416,718)	17,618,006
Cashflows				
Operating activities	1,924,502	(3,286,777)	-	(1,362,275)
Investing activities	(165,281)	(42,180)	-	(207,461)
Financing activities	(2,434,732)	2,135,007	-	(299,724)

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

5 SEGMENT INFORMATION (CONTINUED)

Revenue is attributed to geographic locations based on the location of the customers. The company does not have external revenues from any external customers that are attributable to any foreign country other than as shown below.

Half-year ended 31 December 2021	Senetas	Votiro	Total
	\$	\$	\$
Asia Pacific	1,648,178	1,952,400	3,600,578
United States	4,670,781	599,772	5,270,553
Europe	3,765,379	200,407	3,965,786
Total	10,084,338	2,752,579	12,836,917

Half-year ended 31 December 2020	Senetas	Votiro	Total
	\$	\$	\$
Asia Pacific	1,421,309	836,647	2,257,956
United States	6,198,879	292,179	6,491,058
Europe	5,139,654	383,011	5,522,665
Total	12,759,842	1,511,837	14,271,679

Revenue from one customer - the Company's global distribution partner, Thales - amounted to \$8,369,695 (2020: \$11,057,485) arising from the above mentioned geographical areas.

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

WORKING CAPITAL SECTION

6 TRADE RECEIVABLES AND CONTRACT ASSETS

	Notes	CONSOLIDATED	
		December 2021	June 2021
		\$	\$
Trade receivables (i)		3,708,313	4,041,103
Contract asset		1,345,311	1,010,803
Net GST receivable		273,315	209,487
Government grants		-	221,535
Total		5,326,939	5,482,928

- (i) The fair value of the trade receivables and contract asset amount is equivalent to its carrying amounts. It is expected that the full contractual amounts can be collected. AASB 9 requires a calculation of the expected credit losses (ECL's). The Group's evaluation of this requirement has determined that an allowance for expected credit losses is negligible.
- The Group holds no collateral against possible default by a customer. There were no receivables written off during the half-year.

7 CONTRACT LIABILITY

	Notes	CONSOLIDATED	
		December 2021	June 2021
		\$	\$
(a) Contract liability Reconciliation			
Opening balance as at 1 July		11,240,935	12,291,891
Maintenance prepayments received during the period		7,810,121	12,071,713
Maintenance revenue recognised during the period		(6,816,070)	(13,122,669)
Closing balance		12,234,986	11,240,935
Current contract liabilities		8,097,397	7,309,333
Non-current contract liabilities		4,137,589	3,931,602
Total		12,234,986	11,240,935

OPERATING ASSETS AND LIABILITIES

8 GOODWILL AND INTANGIBLE ASSETS

	Notes	Goodwill \$	Customer relationships \$	Software \$	Total \$
Half-year ended 31 December 2021					
At 1 July 2021, net of accumulated amortisation and impairment		3,576,117	771,205	6,357,507	10,704,829
Additions		-	-	26,466	26,466
Amortisation		-	(123,025)	(1,017,480)	(1,140,505)
Exchange differences		111,851	37,140	296,286	445,277
At 31 December 2021 net of accumulated amortisation and impairment		3,687,968	685,320	5,662,779	10,036,067
At 31 December 2021 net of accumulated amortisation and impairment					
Cost (gross carrying amount)		3,687,968	1,224,575	10,280,951	15,193,494
Accumulated amortisation and impairment		-	(539,255)	(4,618,172)	(5,157,427)
Net carrying amount at 31 December 2021		3,687,968	685,320	5,662,779	10,036,067
Year ended 30 June 2021					
At 1 July 2020, net of accumulated amortisation and impairment		3,890,360	1,114,104	9,091,383	14,095,847
Additions		-	-	116,537	116,537
Amortisation		-	(238,556)	(2,018,012)	(2,256,568)
Exchange differences		(314,243)	(104,343)	(832,401)	(1,250,987)
At 30 June 2021 net of accumulated amortisation and impairment		3,576,117	771,205	6,357,507	10,704,829
At 30 June 2021 net of accumulated amortisation and impairment					
Cost (gross carrying amount)		3,576,117	1,187,435	10,042,052	14,805,604
Accumulated amortisation and impairment		-	(416,230)	(3,684,545)	(4,100,775)
Net carrying amount at 30 June 2021		3,576,117	771,205	6,357,507	10,704,829

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

CAPITAL AND FINANCIAL RISK MANAGEMENT

9 CONTRIBUTED EQUITY

Ordinary shares	CONSOLIDATED	
	December 2021	June 2021
	\$	\$
<i>Issued and paid-up capital</i>		
Ordinary shares each fully paid	104,323,581	104,316,022

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movements in ordinary shares on issue

	2021		2020	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	1,082,149,179	104,316,022	1,081,329,448	104,728,595
Capital return	-	-	-	(499,583)
Performance rights converted to shares	67,500	7,559	819,731	87,010
End of the financial year	1,082,216,679	104,323,581	1,082,149,179	104,316,022

Terms, conditions and movements of contributed equity

Ordinary shares are classified as equity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Issued and paid up capital is classified as contributed equity and recognised at the fair value of the consideration received by the entity. Incremental costs directly attributable to the issue of new shares or options are shown in contributed equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has various financial instruments such as investment securities, cash in hand, trade debtors, trade creditors, lease liabilities and a contingent consideration liability. Apart from investment securities and the contingent consideration liability, other financial instruments arise directly from its operations. Except for the investment securities and contingent consideration liability, due to the short term nature of other financial assets and financial liabilities, the fair value of these items approximates their carrying amount.

AASB 13 requires disclosure of fair value measurements using a three-level fair value hierarchy.

The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the net market value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

	Quoted price in active market	Significant observable inputs	Significant unobservable inputs
31 December 2021			
<i>Financial liabilities</i>			
Contingent consideration liability (Note 11)	-	-	27,649
30 June 2021			
<i>Financial liabilities</i>			
Contingent consideration liability (Note 11)	-	-	53,620

Valuations are the responsibility of the Board of Directors of the Group and management may use the services of independent valuers to determine appropriateness of valuation of unlisted investments. The Board review the valuation policies of the Group on an annual basis to ensure adherence to industry best practices. There were no other changes in valuation techniques during the period.

There have been no transfers between Level 1, 2 or 3 of the fair value hierarchy during the year.

Other than the remeasurement of contingent consideration liability to \$27,649, there has been no other movement in Level 3 items.

GROUP STRUCTURE

11 CONTINGENT CONSIDERATION

Acquisition of Podzy Pty Ltd (completed on 7 December 2017 for a consideration of \$1) included an earn-out provision. The earn-out period continues until 30 June 2022 and is based on a percentage of revenue from future sales of SureDrop. As at the acquisition date, the fair value of the contingent consideration was estimated to be \$nil.

The estimated fair value is calculated by a discounted cash flow analysis (to account for the time value of money and the risk factors) based on a range of possible revenue forecasts over the remaining earn-out period. The fair value of the contingent consideration has been reassessed as at 31 December 2021 and resulted in the remeasurement of the liability to \$27,649 which is a decrease from 30 June 2021 of \$25,971 less \$4,984 paid as consideration. The movement has been recognised in the statement of comprehensive income. The remaining contingent consideration of \$27,649 is expected to be settled within the next 12 months from the balance sheet date. This contingent consideration liability will continued to be reassessed at each reporting date over the remaining earn-out period. The contingent consideration liability is categorised as a level 3 item of the fair value hierarchy.

12 MATERIAL PARTLY-OWNED SUBSIDIARIES

(a) Material subsidiaries

Financial information of a subsidiary that has material non-controlling interests is provided below:

	December 2021	June 2021
Proportion of equity interest held by non-controlling interests:		
Name	\$	\$
Votiro Cybersec Global Limited	38.3%	33.4%
Accumulated balances of material non-controlling interest	(3,194,863)	(1,876,846)
Loss allocation to material non-controlling interest	(2,032,903)	(4,104,634)

On 2 September 2021 Votiro completed a Rights Issue of which the Group's participation amounted to USD\$0.5 million (AUD\$0.7 million) and non-controlling interest participation was USD\$0.3m (AUD\$0.5m). The net impact to the Group's interest in Votiro Cybersec Global Pty Limited was a reduction of non-controlling interest by 0.1% on a fully diluted basis. On 1 October 2021 Votiro granted options to employees of the issued shares of Votiro Cybersec Global Pty Limited which resulted in an increase to the non-controlling interest by 5.9% on a fully diluted basis. Additionally, throughout the half-year options were forfeited or expired of which the net impact of these resulted in a further reduction of non-controlling interest by 0.8% on a fully diluted basis resulting in non-controlling interest at 31 December 2021 of 38.3%.

(b) Non-controlling interests (NCI)

Summarised statement of profit or loss for the half- year ended 31 December:

	December 2021	December 2020
	\$	\$
Revenue from contracts with customers	2,752,579	1,511,837
Cost of sales	(185,408)	(51,992)
Administrative expenses	(8,346,368)	(6,569,128)
Finance costs	(32,588)	(40,616)
Loss before tax	(5,811,785)	(5,149,898)
Income tax	239,103	196,958
Loss for the period	(5,572,682)	(4,952,940)
Attributable to non-controlling interest	(2,032,903)	(2,011,933)

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

12 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

	December 2021	June 2021
	\$	\$
Summarised statement of financial position before elimination entries:		
Cash and cash equivalents	3,125,988	1,225,263
Trade receivables and other current assets	1,072,324	791,689
Plant and equipment and other non-current asset	114,137	74,277
Goodwill and other intangibles	9,851,385	10,499,633
Trade and other current liabilities	(1,981,309)	(912,682)
Contract liabilities - current	(3,326,039)	(2,310,520)
Contract liabilities - non-current	(1,348,106)	(963,876)
Other non-current liabilities	(4,269,512)	(1,830,436)
Total equity	3,238,868	6,573,348
Attributable to:		
Equity holders of parent	6,433,731	8,450,194
Non-controlling interest	(3,194,863)	(1,876,846)
	December 2021	December 2020
	\$	\$
Summarised cash flow information for the half-year ended 31 December:		
Operating	(1,979,876)	(3,286,777)
Investing	(49,449)	(42,180)
Financing	3,863,511	2,135,007
Net decrease in cash and cash equivalents	1,834,186	(1,193,950)

(c) Transactions with non-controlling interests

On 2 September 2021 Votiro completed a Rights Issue of which the Group's participation amounted to USD\$0.5 million (AUD\$0.7 million) and non-controlling interest participation was USD\$0.3m (AUD\$0.5m). The net impact to the Group's interest in Votiro Cybersec Global Pty Limited was a reduction of non-controlling interest by 0.1% on a fully diluted basis. On 1 October 2021 Votiro granted options to employees of the issued shares of Votiro Cybersec Global Pty Limited which resulted in an increase to the non-controlling interest by 5.9% on a fully diluted basis. Additionally, throughout the half-year options were forfeited or expired of which the net impact of these resulted in a further reduction of non-controlling interest by 0.8% on a fully diluted basis resulting in non-controlling interest at 31 December 2021 of 38.3%.

Immediately prior to these transactions, the carrying amount of the existing non-controlling interest in Votiro was determined in order to calculate the proportion of change to the non-controlling interest. The combined impact of these transactions resulted in the Group recognising a decrease in the equity attributable to owners of the parent of \$112,696 and an increase in non-controlling interests of \$112,696.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

OTHER INFORMATION

13 CONTINGENT ASSETS AND LIABILITIES

The Group is not aware of the existence of any contingent assets or liabilities at balance date.

14 EVENTS SUBSEQUENT TO REPORTING DATE

There are no significant events after reporting date.

Directors' Declaration

In accordance with a resolution of the Directors of Senetas Corporation Limited, I state that:

(1) In the opinion of the directors:

- (a) the consolidated financial statements and notes of Senetas Corporation Limited for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Francis W. Galbally
Chairman
Melbourne
Date: 25 February 2022

Independent Auditor's Review Report

To the Members of Senetas Corporation Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report Senetas Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Senetas Corporation Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Senetas Corporation Limited financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 25 February 2022