



# Senetas Corporation Limited

2023 Full Year Results – 31 August 2023

# FY2023 Group Financial Highlights

- Group operating revenue of \$29.3 million – up 17% over FY2022
  - Senetas segment revenue up 12% to \$21.6 million
  - Votiro segment revenue up 33% to \$7.7 million.
- Votiro annual recurring revenue (ARR) , including renewals, currently US\$7.0 million (up 50% since December 2022)
- Senetas segment profit before tax was up 95% to \$3.7 million (FY2022: \$1.9 million)
- Group net loss before tax was \$14.2 million (includes the Votiro net loss before tax of \$17.9 million)
  - Votiro loss includes non-cash items of \$3.5 million relating to amortisation and share based payments)
- Group net loss after tax attributable to members was \$7.3 million (net cash loss after adjusting for non-cash items was \$4.3 million)
- Balance sheet remains strong with \$9.8 million of cash at 30 June 2023 and no debt

# FY2023 Summary Financials

| Full year ended 30 June 2023 (\$000's)              | FY2023   | FY2022   | % Change |
|---|----------|----------|----------|
| Revenue from ordinary activities                    |          |          |          |
| - Senetas   | 21,640   | 19,332   | 12%      |
| - Votiro  | 7,707    | 5,776    | 33%      |
| Total Group Revenue                                 | 29,347   | 25,109   | 17%      |
| EBITDA  |          |          |          |
| - Senetas   | 3,880    | 2,573    | 51%      |
| - Votiro  | (14,905) | (10,158) | (47)%    |
| Group EBITDA  | (11,025) | (7,585)  | (45)%    |
| Net profit (loss) before tax                        |          |          |          |
| - Senetas   | 3,719    | 1,907    | 95%      |
| - Votiro  | (17,892) | (12,668) | (41)%    |
| Group net profit (loss) before tax                  | (14,173) | (10,762) | (32)%    |
| Net profit (loss) after tax attributable to members | (7,314)  | (5,892)  | (24)%    |
|   |          |          |          |
| Cash and cash equivalents                           | 9,814    | 10,692   | (8)%     |

# Outlook

- Strong demand for Senetas products driving sales pipeline growth of over 100% through FY2023
  - Global supply chain issues continue to have an impact the timing of sales completion, however, those issues have eased and should largely be minimised over the next 12 months.
  - Encouraging signs of growth in Thales's end user sales during FY2023 and Senetas expects that third party sales momentum to continue into FY2024 after sales pipeline growth of over 110% in FY2023
  - As the global supply chain issues ease, the inventory carried by Thales is expected to reduce to more historic levels – impacting Senetas's revenue and profit in FY2024 due to lower inventory transfers
  - Cash flow and third-party sales of Senetas products are expected to be stronger in FY2024. Consolidated group revenue is still expected to grow in FY2024 with good growth from Votiro
- Votiro's business continues to make strong progress with 50% ARR growth since December 2022
  - US\$10 million of sales pipeline growth in the HY to June 2023, excluding maintenance renewals, and total pipeline sitting at over US\$33 million
  - Votiro's ARR at August 2023 of US\$7.0 million is expected to reach US\$10 million by December 2023
  - Cash flow breakeven for Votiro is targeted for the middle of calendar year 2024



# FY2023 SENETAS SEGMENT



# FY2023 Highlights – Senetas

- Double digit revenue growth for Senetas segment with FY2023 revenue up 12%
  - Whilst the global component shortages have continued to have an impact during FY2023, continued signs of improving third party demand and increased product shipments to Thales have driven 12% revenue growth
  - With a higher proportion of revenue derived from inventory shipments Senetas gross margins remain a little below historic levels at 78%. Senetas continues to expect that gross margins will revert to slightly higher historic levels in the medium term as the electronic component shortages are alleviated over the next 12 months
  - Sales revenue was higher for all of Senetas's largest product categories
- Senetas segment profit before tax was up 95% to \$3.7 million (FY2022: \$1.9 million)
  - Strong rebound from FY2022 profit before tax driven primarily by increased sales revenue – with FY2023 expenses slightly lower than the prior period
  - Maintenance revenue was 43% of Senetas's total segment revenue
  - Net profit after tax for the Senetas segment of \$3.2 million (FY2022: \$1.7 million)

# Senetas operations

- The sales pipeline continued to build throughout FY2023 with the Thales pipeline of sales for Senetas products growing over 110% during the period
- Good signs through FY2023 that end user sales are beginning to grow again, and that lead times for component orders have started reducing – Senetas continues to expect that customers will return to more normal ordering patterns over the next 12 months
- The number of hardware units shipped by Senetas in FY2023 was up 4% over the prior period, however, there was a shift towards smaller capacity encryptors therefore modifying the overall impact on sales revenue
- The number of units sold to end user customers during the period was up by 10% during the period
- The major R&D focus during the period has been on an upgraded version of Senetas's 10Gbps hardware encryptor and software updates

# Inventory levels

- As a result of the global electronic component shortages that have impacted industry in recent years, both Senetas and its global distribution partner, Thales, have significantly increased the level of product inventory held in order to manage risks associated with increased order lead times through that period
- As the global supply chain shortages unwind over the next 12 months, the requirement to hold such a large buffer of surplus inventory in the business is expected to abate
- Senetas plans to transition towards more traditional inventory levels over the next 12-18 months and expects that Thales will do the same
- Whilst external demand is strong and Senetas sales pipeline is at historically high levels, Senetas inventory shipments to Thales are nonetheless expected to reduce with a consequential impact on revenue and profit in FY2024
- Precise impact on revenue is difficult to determine at this stage until we have further clarity on the scale of Thales's inventory reductions, however, product sales revenue in the Senetas business segment could decline by up to 15% in FY2024
- Third party product sales and cash flow are expected to continue growing through the transition period in FY2024, and maintenance revenue will be unaffected

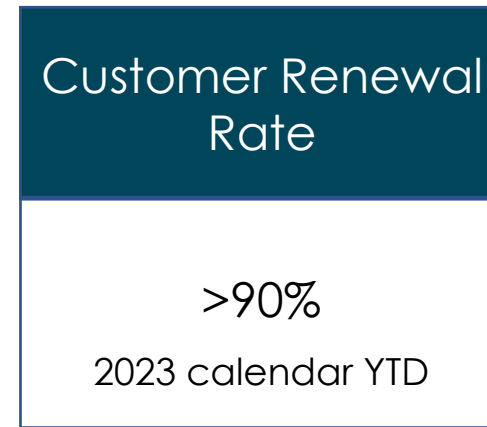
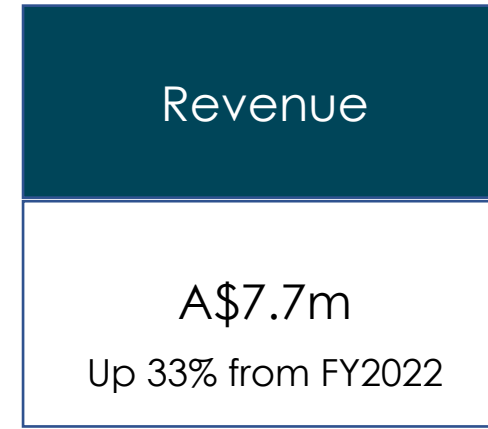


# FY2023 VOTIRO





# FY2023 Highlights – Votiro



At the end of June 2023 Senetas held a controlling interest in Votiro of just over 59%. Senetas's Chairman and CEO represent Senetas on the board of Votiro.

# FY2023 Financials – Votiro



- Votiro operating revenue was up 33% to \$7.7 million driven primarily by growth in the Asia Pacific region – the Asia Pacific region remained the key driver of ARR growth in the period
- Votiro’s ARR reached US\$7.0 million by August 2023 and was in line with the forecast provided to the market by Senetas in late June 2023
- Total contract value for Votiro at August 2023 was US\$21.9 million
- Votiro FY2023 loss after tax was \$17.4 million – including \$3.5 million of non-cash items
- \$6.9 million of Votiro’s after tax loss is attributable to the minority interests in Votiro
- Customer renewal rate remained at >90% - slightly below the prior period as Votiro discontinued support for some low margin end of life products in the Japanese market

# Key FY2023 Milestones

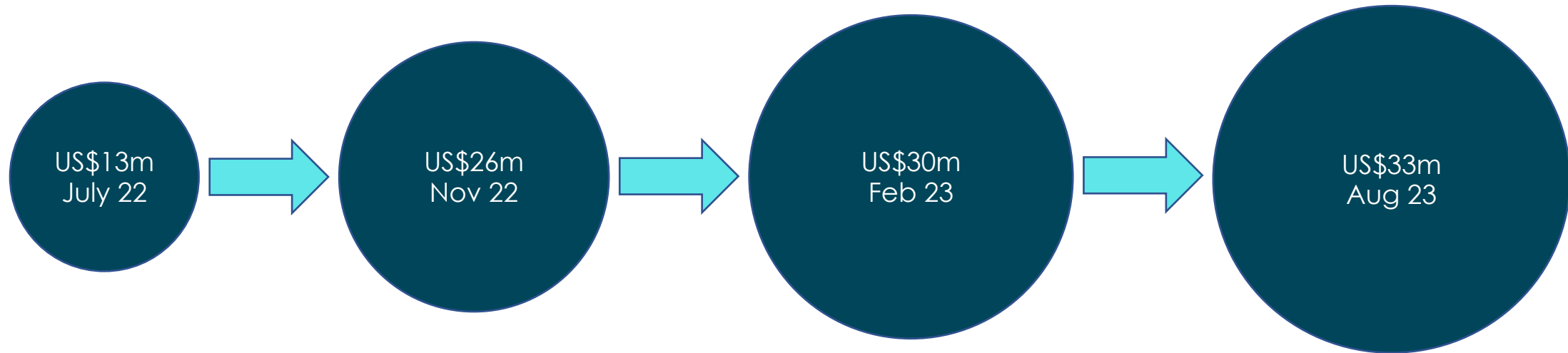


- Votiro ARR reached its mid year target of US\$7.0 million – and is on track to meet its target of US\$10 million ARR by the end of calendar 2023
- Votiro’s total sales pipeline continued to grow and more than doubled through FY2023 – currently sits at US\$33 million
- Successful capital raise for US\$5 million in February 2023 and conversion of Senetas’s loan into equity
- New channel and technology partnerships established during the period including integrations with Microsoft Office 365, Sumo Logic and Box Content Cloud
- Votiro technology/capability upgrades include:
  - MSSP enablement to support new routes to market
  - New user interface and analytics
  - AI-based technology to deliver safe macros

# Pipeline development



Votiro's total sales pipeline\* has grown strongly through FY2023 and into early FY2024



Additional customer facing resources have been added to the business in 2023 in order to maximise capture of the sales pipeline, reduce sales lead times and accelerate ARR growth

\* Votiro's total sales pipeline includes sources of business generated from sales, marketing and channel partners

# Votiro's Zero Trust Content Security





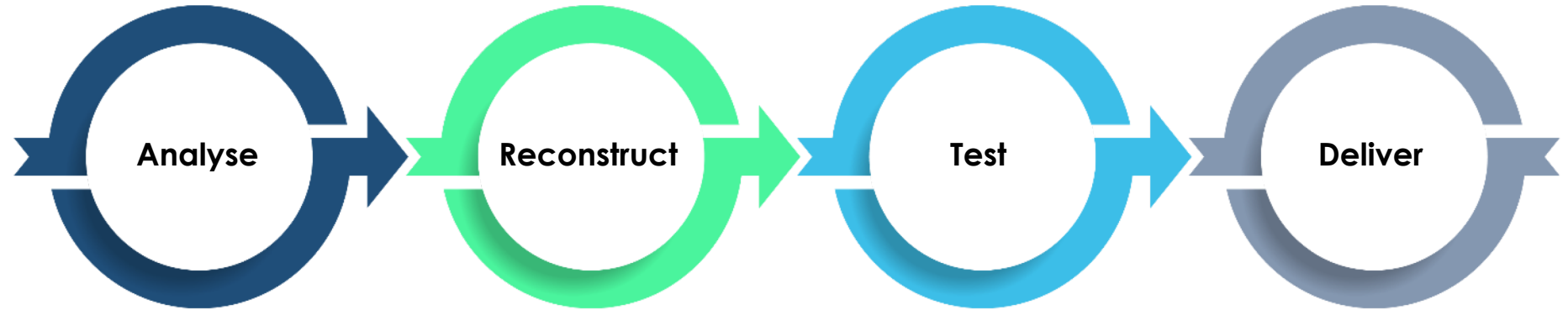
# How Votiro ZT Cloud works

Votiro's Positive Selection<sup>®</sup> technology – remove the malicious content without compromising file functionality

## VOTIRO

Delivering safe, useable content in milliseconds

Votiro's Positive Selection<sup>®</sup> technology does not rely on finding the threat, so removes the need for judgement calls or risk



- Disassemble into objects
- Analyse sections, macros & metadata
- Non-harmful parts extracted

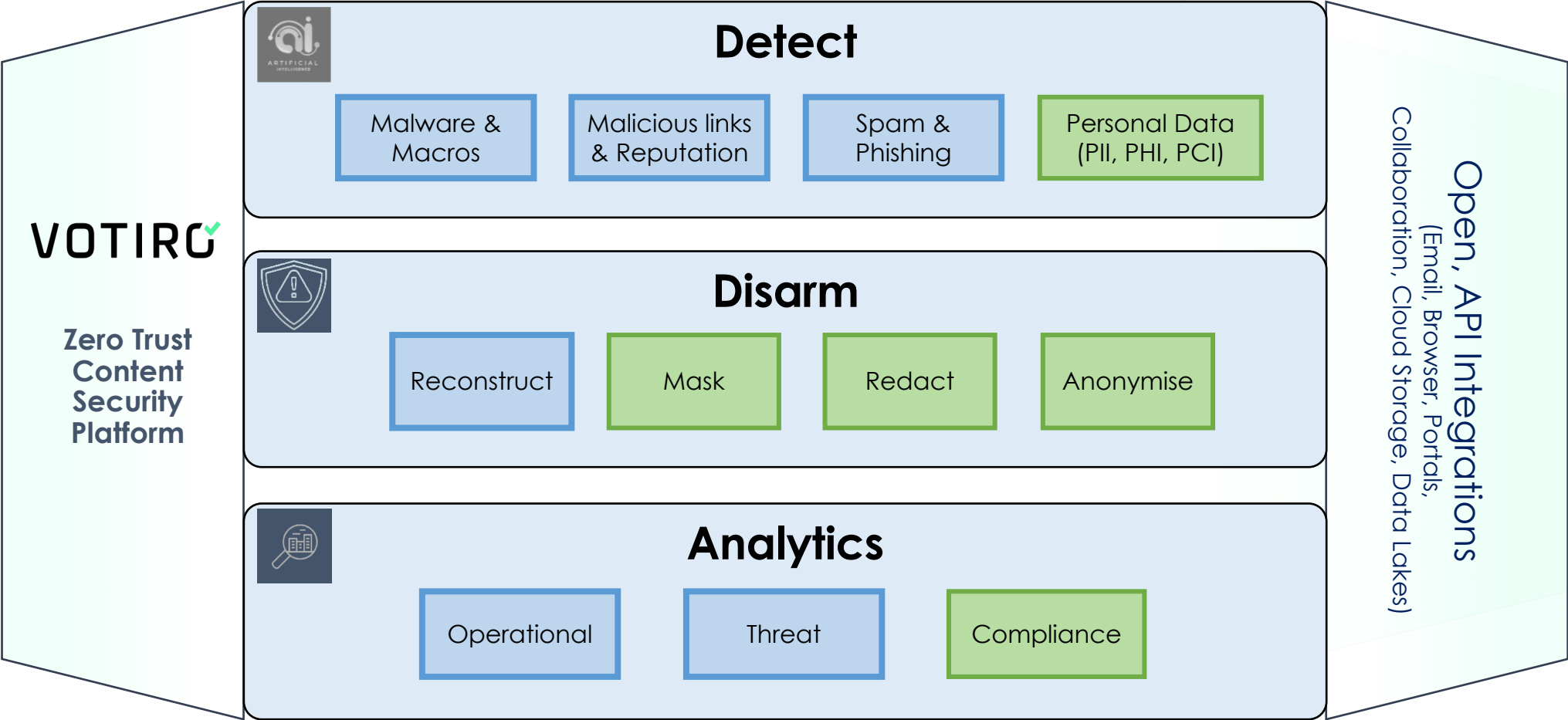
- Reconstruct a 100% Known-Safe version
- AI-enabled detection of safe macros

- Automated Fidelity Tests
- True-type Integrity checks

- Deliver in original file formats without having to look for malware
- Full functionality
- Ready for safe business operations immediately

# Building industry's 1st unified content security platform

Eliminate Threats in Your Data and Unearth Data Privacy Exposures, in Real-time



# Votiro Zero Trust Content Security

Strategic fit for Enterprise Edge, Core, and Cloud Platform Providers

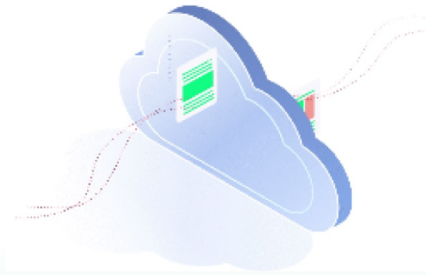
## SECURITY SERVICE EDGE (SSE)

Converged Web –  
SWG, CASB, ZTNA, RBI

Advanced Malware Protection

Enterprise Firewall

Cross Domain Security



# VOTIRO

Zero Trust Content  
Security

## DATA SECURITY PLATFORM

Cloud Email Security

Cloud Data Protection

Data Encryption

Data Security  
Posture Management

**Detect & Disarm Files** anywhere its used by users and applications and proactively prevent against evasive and unknown threats

**Analyze Files for Known and Unknown Threats** without impacting productivity, security and business continuity

**Reduce work for SOC and IT Teams** with an open API-based integrations into existing Security and Applications

# KEY FINANCIALS



# FY2023 Consolidated Senetas Group Financials

| Full year ended 30 June 2023 (\$000's)              | FY2023   | FY2022   |
|---|----------|----------|
| Revenue from ordinary activities                    | 29,347   | 25,109   |
| Gross profit  | 23,990   | 20,276   |
| Gross Margin %                                      | 82%      | 81%      |
| Other income  | 437      | 208      |
| Depreciation & amortisation                         | (3,187)  | (3,123)  |
| Profit (loss) before tax                            | (14,173) | (10,762) |
| Tax expense/(benefit)                               | (15)     | 277      |
| Net profit (loss) after tax                         | (14,187) | (10,484) |
| Net profit (loss) after tax attributable to members | (7,314)  | (5,892)  |

- Group revenue was 17% higher with Senetas segment revenue up 12% and Votiro revenue up 33%
- Net cash loss attributable to members after adjusting for non-cash items was \$4.3 million
- Consolidated gross margins were slightly ahead of the prior period driven largely by higher margins in the Senetas segment



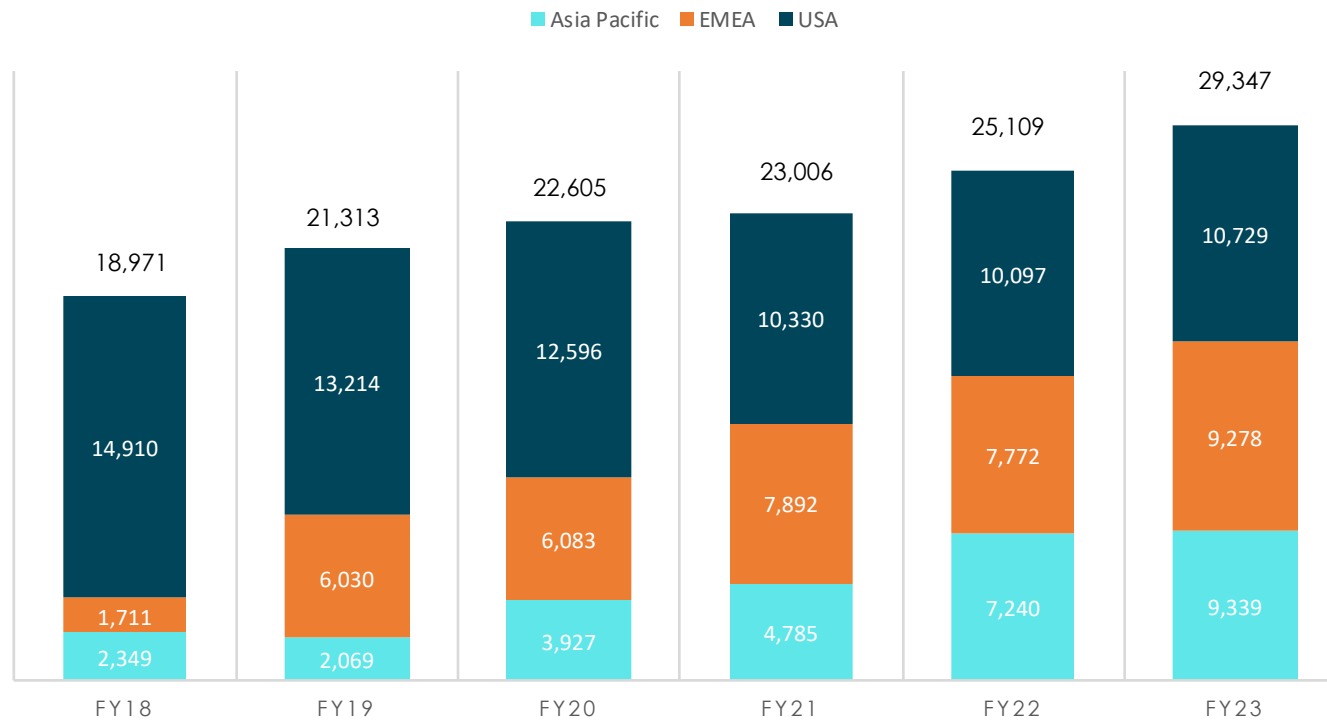
# Senetas Operating Segment Results

| Full year ended 30 June 2023 (\$000's) | FY2023 | FY2022 |
|--|--------|--------|
| Revenue from ordinary activities       | 21,640 | 19,332 |
| Gross profit                           | 16,871 | 14,895 |
| Gross Margin %                         | 78%    | 77%    |
| Other income                           | 931    | 208    |
| Depreciation & amortisation            | (732)  | (873)  |
| Profit before tax                      | 3,719  | 1,907  |
| Profit after tax                       | 3,175  | 1,684  |

- Senetas operating revenue was up 12% driven by both higher third party sales and higher inventory transfers to Thales
- Gross margins were slightly ahead of the prior period
- Gross margins are expected to revert to historical levels as the impacts from the component shortage issues unwind as a result of lower inventory transfers to Thales

# Operating Revenue

## REVENUE BY REGION



- Group revenue 17% higher than FY2022
- Good revenue growth in all regions
- Asia Pacific growth largely driven by Votiro sales growth. USA and Europe revenue growth largely driven by Senetas business
- Maintenance and subscription revenue was 58% of total group revenue slightly lower than the prior period as a result of higher Senetas product sales revenue

# Cash Flow

## Summary Cash Flow Statement

| Full year ended 30 June 2023 (\$000's)        | FY2023   | FY2022   |
|---|----------|----------|
| Receipts from customers                       | 32,288   | 26,817   |
| Tax refund/(paid)                             | 287      | (490)    |
| Payments to suppliers & employees             | (40,116) | (32,137) |
| Operating cash flows                          | (7,417)  | (5,789)  |
| Investing cash flows                          | (442)    | (332)    |
| Financing cash flows                          | 6,600    | 4,886    |
| Cash and cash equivalents at 31 December 2022 | 9,814    | 10,692   |

- Receipts from customers were up 20%, slightly ahead of revenue growth
- Higher payments to suppliers and employees reflects higher sales and higher inventory transfers to Thales
- Slightly lower cash on hand reflects the Votiro losses partly offset by the Votiro capital raise of approximately US\$5 million in early calendar 2023
- The outlook for cash flow in FY2024 is positive with strong growth in Votiro sales and increasing third party sales in the Senetas business

# Balance Sheet

## Summary Balance Sheet

| Full year ended 30 June 2023 (\$000's) | FY2023   | FY2022   |
|--|----------|----------|
| Cash and cash equivalents              | 9,814    | 10,692   |
| Trade and other receivables            | 6,006    | 9,057    |
| Inventories                            | 5,322    | 5,347    |
| Goodwill & intangible assets           | 7,790    | 9,660    |
| Total assets                           | 31,665   | 38,163   |
| Trade and other payables               | (4,816)  | (5,258)  |
| Contract & lease liabilities           | (17,760) | (18,249) |
| Total liabilities                      | (25,343) | (26,566) |
| NET ASSETS                             | 6,322    | 11,597   |

- Slightly lower cash on hand at 30 June 2023 reflects the Votiro losses partly offset by the Votiro capital raise or approximately US\$5 million early in calendar 2023
- Movement in contract & lease liabilities primarily reflects movements in prepaid maintenance contracts
- Inventory on hand was similar to the prior period
- Lower net assets reflects the Votiro losses partly offset by the Votiro capital raise

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