

30 November 2023

ASX ANNOUNCEMENT

Senetas Corporation Limited

2023 Annual General Meeting – Chairman’s Address and CEO Presentation

Senetas Corporation Ltd (ASX: SEN) (Senetas), is pleased to provide a copy of the Chairman’s address and the CEO’s presentation with annotations to be delivered to shareholders at the Senetas Corporation Limited Annual General Meeting to be held today, Thursday, 30 November 2023 at Seasons Botanic Gardens, 348 St Kilda Road, Melbourne, Victoria, 3004 at 9:30 am (Melbourne time).

This announcement has been authorised by Andrew Wilson, CEO.

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ABOUT SENETAS

Senetas is a global leader in high-performance encryption security solutions. Senetas cybersecurity solutions are developed and manufactured in Australia. **Senetas high-speed encryptors** protect network data in transit without compromising performance. They include certified high-assurance hardware encryptors for core IT network infrastructure and virtualised encryption to the network edge. For secure user-friendly file sharing and collaboration, **SureDrop** is the most secure application also providing 100% data sovereignty control and protection against malware and zero-day attacks.

All Senetas solutions share a crypto-agile and quantum-ready end-to-end encryption platform.

Senetas solutions are used to protect much of the world's most sensitive data, from enterprise, government, defence and intelligence agency data, to technology service provider and critical national infrastructure customers against data breaches and cyber-attacks. Leveraging end-to-end encryption, state-of-the-art key management and quantum-ready design, they provide long-term data protection without compromising network and application performance, or user experience.

Senetas encryption solutions are used in more than 40 countries. They are distributed and supported internationally by Thales, the world's largest security company.

www.senetas.com

ABOUT VOTIRO

By leveraging Positive Selection® technology, Votiro's Secure File Gateway is the only SaaS-based file security solution that ensures all files coming into an enterprise are completely safe.

Founded in Israel in 2012 by leading file security experts, Votiro is trusted by large enterprises, including top Fortune 500 companies, to completely eliminate file-based threats while ensuring zero interruption to business. Votiro has offices in the United States, Australia, Israel, and Singapore, and is trusted by hundreds of companies and millions of users worldwide to safely access files and attachments with complete peace of mind.

For more information about Votiro, please visit <https://www.votiro.com>



SENETAS CORPORATION LIMITED

AGM – 30 NOVEMBER 2023

CHAIRMAN'S ADDRESS

Good morning everyone and welcome to the Senetas Corporation Limited Annual General Meeting for 2023. Thank you for your attendance this morning and for your ongoing support as Senetas shareholders.

Our CEO, Andrew Wilson, will provide a report on our business operations shortly and also provide some detail on the capital raising that we announced earlier this week.

But first I would like to touch on some of the highlights from the past year as Senetas continues to broaden its revenue base with increased focus on higher growth segments of the cyber security market, and provide some thoughts on the opportunity that Votiro presents for Senetas.

In the 2023 financial year our traditional Senetas encryption business saw:

- Sustained revenue growth, up 12%
- Strong profit growth, up almost 100%, and
- A substantial sales pipeline growth, up over 110%

This improvement in our core business is the result of a combination of factors resulting in part from the post covid business recovery. Component shortages have eased. Our customers have resumed building their networks. Our global partner Thales has made defence grade high speed encryption a major focus and government and defence organisations have in some instances increased budgets for protecting data as a result of the increased global cyber attack threat profile. I believe that our core business will continue to see marked improvement particularly in the wake of the recent middle east conflict.

I should also say that the recent conflicts have highlighted new use cases for our specialised defence grade high speed encryption capabilities. Whilst unfortunately I am constrained for security reasons as to what I can announce, I can say we are working with governments and specialised defence providers to build into defence products high speed defence grade encryption capability for both command and control and data protection. I believe this will deliver a new product range for our core business. In addition,



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we are seeing a growing requirement by many governments for our sovereign encryption algorithm capability.

So, the Senetas encryption business remains a quality business with a solid and reliable track record that continues to deliver good revenue, good profits, and cash flow for shareholders. The Senetas state of the art encryption hardware is a very specialised product that is generally only demanded by governments and large enterprises that place the highest value on their data security. So, whilst we expect the Senetas business will continue to find new opportunities for growth, and build on its existing blue chip customer base, its level of growth remains constrained by what is still a relatively niche market for such specialised products.

Over the past 4 years we have invested over AUD\$20 million in Votiro. Votiro provides Senetas shareholders with exposure to a much broader market opportunity than our core encryption business. Votiro is still a relatively new business with a best-in-class anti-malware / ransomware and data protection solution, but it represents a substantial high growth opportunity for Senetas, with a much larger addressable market.

We are pleased with the growing interest in Votiro and its products. With the scale of the Votiro pipeline and the additional sales and marketing capability that has been added to the business recently, along with the ongoing support of its key shareholders, we expect that Votiro will continue to deliver strong growth in annual recurring revenue and cash flow in the near term.

And with a continuation of the growth seen through the 2023 financial year, Votiro is well on track to reach a cash flow breakeven position by the middle of the 2024 calendar year.

The business has also seen strong recent growth in its annual recurring revenue – up 50% since December last year, and its total sales pipeline more than doubled through the 2023 financial year. The total sales pipeline currently sits at approximately US\$43 million. I also remind shareholders that Votiro's customers are sticky with a more than 90% annual retention across the globe.



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Votiro remains in its early growth phase and requires financial support to see it through until it becomes self-sufficient from a cash flow and profitability perspective – which was a key driver of the share placement and entitlement offer announced on Monday. And whilst the Votiro financial results have had a negative impact on Senetas's consolidated results in recent years, we continue to believe in the very exciting opportunity that Votiro represents for shareholders and will continue to support it to invest in its growth initiatives.

Votiro is making progress towards its target of up to US\$10 million of annual recurring revenue by the end of this calendar year and we expect that growth to continue into the new year. Combined with the near term prospect of cash flow breakeven, the value this investment will bring to Senetas has to date been ignored by the market.

I thank our partner Thales for its ongoing work as our global partner. I also thank our board, management team and all our employees for their efforts over the past year.

I would now like to hand over to Andrew Wilson our CEO for his presentation.



Security without compromise

Senetas Corporation Limited

2023 Annual General Meeting – 30 November 2023

CEO Presentation – Andrew Wilson

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Slide 1



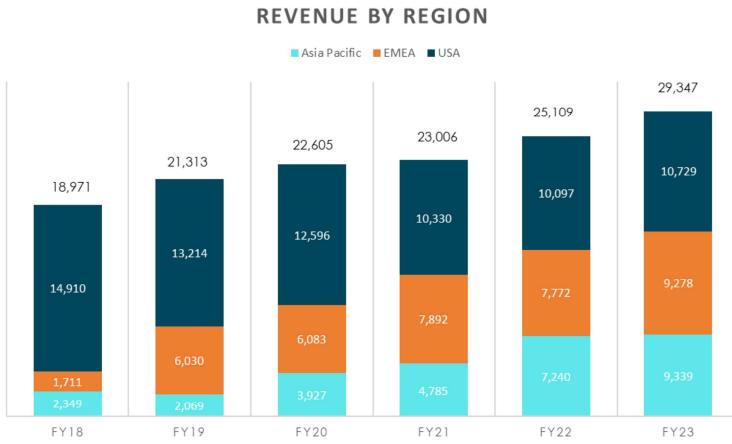
- Thanks Francis
- Good morning everyone – I'd also like to add my welcome to the Senetas 2023 AGM
- This morning I will take you through some of the operating and financial highlights from the 2023 financial year. Following that I will provide a brief update on developments year to date, and brief summary of the capital raising that the Company announced earlier this week.

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, was US\$7.0 million at August 2023 (up 50% since December 2022)
- Senetas segment profit before tax was up 95% to \$3.7 million (FY2022: \$1.9 million)
- 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 remained strong with \$9.8 million of cash at 30 June 2023 and no debt

- Turning first to the group financial highlights for 2023.
- Group operating revenue was up 17% to \$29.3 million driven by 33% growth in revenue for the Votiro business, and 12% growth in the Senetas business.
- Votiro's annual recurring revenue was \$7.0 million in August 2023, and US\$7.2 million at the end of September – up 50% from December 2022.
- Senetas segment profit before tax was up 95% to \$3.7 million – a strong rebound on the prior year that was adversely affected by the global component shortages that had impacted customer ordering patterns.
- The group net loss after tax attributable to members was \$7.3 million, and the net cash loss attributable to members after adjusting for non-cash items was \$4.3 million.

Operating Revenue



- 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

- Looking a bit more closely at operating revenue over time. You can see that Senetas's consolidated revenue has continued to grow steadily over the last 5 years.
- In 2023 we saw good revenue growth in all regions, with consolidated group revenue up 17% over 2022.
- The good revenue growth in the Asia Pacific region was largely driven by Votiro sales growth. The revenue growth in the USA and European markets was largely driven by the Senetas encryption business.

FY2023 SENETAS SEGMENT



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- Looking specifically now at the Senetas business segment...

FY2023 Highlights – Senetas

- Double digit revenue growth for Senetas segment with FY2023 revenue up 12%
 - Whilst the global component shortages 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 AU\$3.7 million (FY2022: AU\$1.9 million)
 - Strong rebound from FY2022 profit before tax driven primarily by increased sales revenue – FY2023 expenses were 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 AU\$3.2 million (FY2022: AU\$1.7 million)

- Senetas revenue returned to growth in FY2023 following a softer year in 2022 which was more affected by the impacts of the global component shortages
- Whilst those shortages continued to have an impact during FY2023, there were good signs of improving third party demand and increased product shipments to Thales.
- Gross margins remained slightly lower than historic levels due to a higher portion of revenue derived from inventory shipments to Thales, however, we continue to expect gross margins will revert back to historic levels in the medium term as customer ordering patterns return to normal over the next 12 months.
- Encouragingly, all of Senetas's largest product categories saw revenue growth.
- The Senetas segment **profit before tax** was up almost 100% driven by a combination of higher sales revenue and slightly lower expenses.

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 were 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 moderating 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 RD focus during the period has been on an upgraded version of Senetas's 10Gbps and 100Gbps hardware encryptor and software updates as well as the development of tactical encryption platforms.

- Whilst completed third party sales of Senetas encryptors have not yet returned to the levels they were prior to the global component shortages, we have seen strong growth in the pipeline of future sales.
- Thales's pipeline of future sales for Senetas encryptors grew over 110% during FY2023 and now sits at record levels.
- In the second half of FY2023 we saw good signs that that end user sales were 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 during the year was up 4% and the number of units sold to end user customers during the period was up by 10%.
- The major RD focus during the period has been on an upgraded version of Senetas's 10Gbps and 100Gbps hardware encryptor and software updates as well as the development of tactical encryption platforms.

FY2023 VOTIRO SEGMENT



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- Now turning to look at the progress Votiro made through FY2023...

FY2023 Financials – Votiro



- Votiro operating revenue was up 33% to AU\$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 AU\$17.4 million – including AU\$3.5 million of non-cash items
- AU\$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

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- The Asia Pacific region remains the largest contributor to Votiro revenue and was the primary driver of growth in FY2023.
- Revenue was up 33% to \$7.7 million, and annual recurring revenue reached US\$7.0 million in August 2023 – in line with what we advised the market in late June 2023. ARR was slightly higher again at the end of September at US\$7.2 million.
- The customer renewal rate remained at greater than 90% - slightly below the prior period which was due to Votiro discontinuing 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 targeting ARR of up to US\$10 million by the end of calendar 2023
 - Votiro's total sales pipeline continued to grow and more than doubled through FY2023 – the pipeline currently sits at in excess of US\$40 million
 - Votiro successfully raised capital of US\$5 million in February 2023 and Senetas's loan to Votiro was converted into equity at the same time. Senetas shareholding in Votiro is currently at approx. 60%
- New channel and technology partnerships established during the period including integrations with Microsoft Office 365, Sumo Logic, Box Content Cloud and Zscaler
- 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

- As I just mentioned, Votiro reached its mid year ARR target of US\$7.0 million and, subject to its sales pipeline being realised as anticipated, Votiro is targeting annual recurring revenue of up to US\$10 million by the end of 2023
- Votiro's sales pipeline more than doubled through the 2023 financial year, including US\$10 million of new pipeline added in the first half of the 2023 calendar year. And as Francis mentioned earlier, Votiro's total sales pipeline currently sits at around US\$43 million.
- Votiro successfully raised capital of US\$5 million in February 2023, with key support from Harvest Lane asset management being the major contributor. Senetas's loan to Votiro was also converted into equity at the same time and our shareholding in Votiro is currently at about 60%.
- Key operational highlights for Votiro during the year included new channel and technology partnerships and integrations with Microsoft Office 365, Sumo Logic, Box Content Cloud and Zscaler.

The Unstructured Data Security Problem

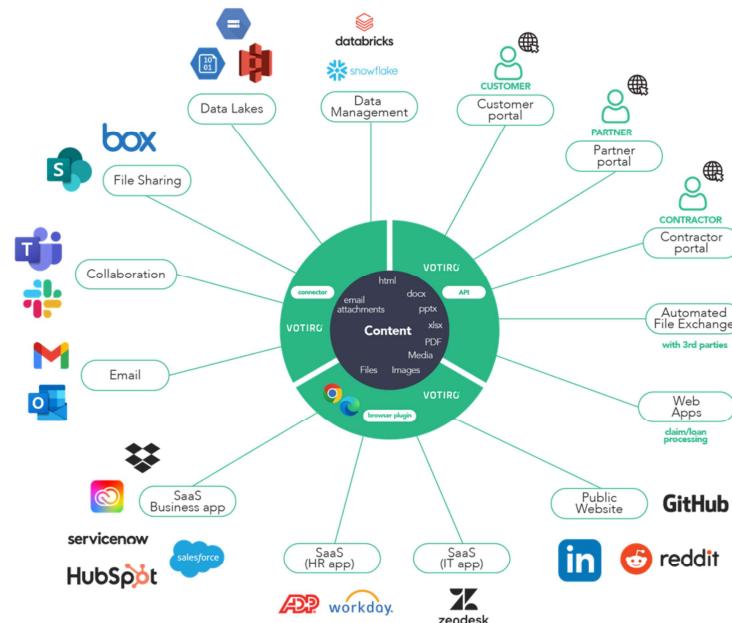
Today, *most* cyber threats hide in unstructured data.

Businesses depend on unstructured data. However, visibility into that data is obscured, and the ability to *prevent attacks* has proven inadequate.

Votiro solves these problems.

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VOTIRO



- The industry is suffering a serious problem with unstructured data entering an organisation via a multitude of sources. The picture on the right hand slide shows some of the sources of this data.
- Any of this data can contain hidden and often undetectable malware / ransomware. Other security solutions have proven ineffective at preventing these attacks.
- Votiro solves these problems.

Enhancing Votiro's CDR platform to provide a world leading Data Detection and Response (DDR) capability

Data Detection and Response (DDR)

- Provides comprehensive visibility into how unstructured data is used
- Eliminates malware threats hidden within unstructured data
- Real-time privacy insights to personal, health, and payment data
- Monitoring and disarm leads to a continuously improved security posture

Zero Trust

- All unstructured data is assumed to be a threat, from any sources
- Votiro's Threat disarming technology provides 100% known safe content
- Analytics and reporting confirms cyber safety and allow for compliance with global privacy regulations

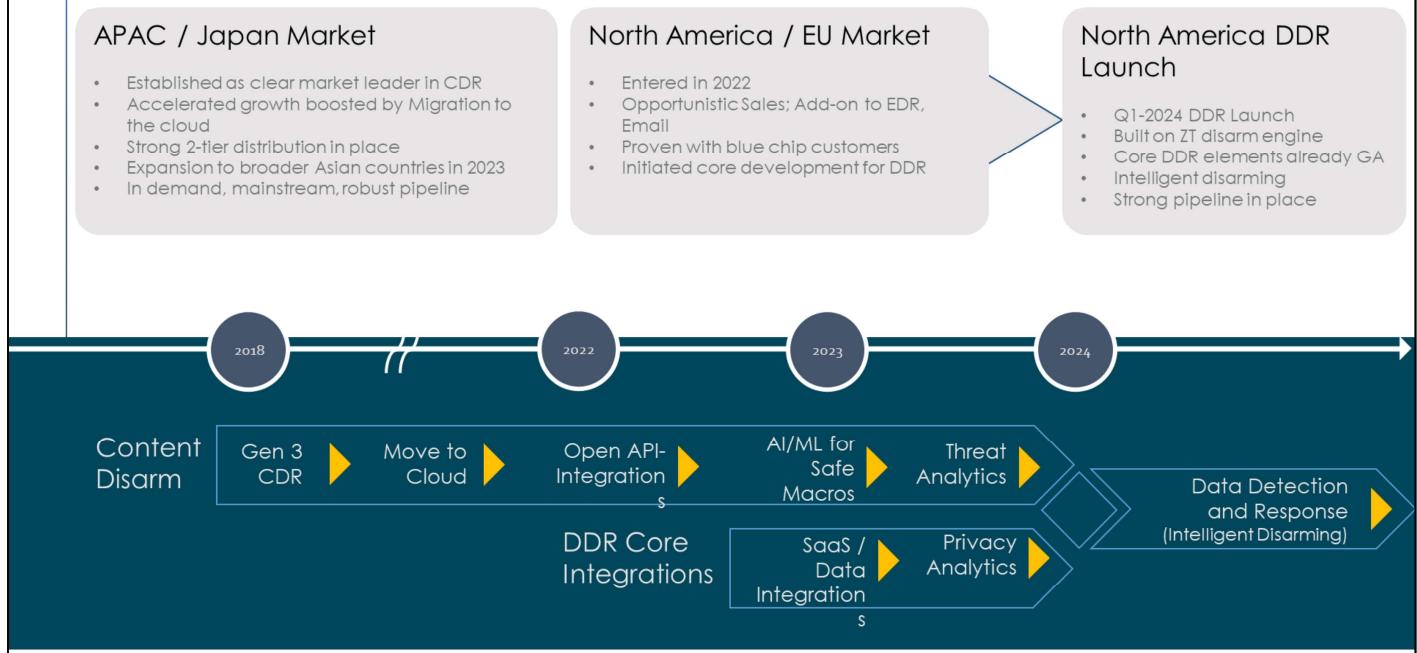
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VOTIRO

- Responding to customer demand and feedback particularly out of the Europe and the US, Votiro is expanding its CDR platform to provide a world leading Data Detection and Response DDR capability.
- So what does this mean in practice, Votiro's DDR is a proactive cutting edge solution that safeguards an organisation from potential cyber threats.
 - it eliminates threats hidden within unstructured data in real time;
 - it provides real time insights into personal information, health information and payment data information;
 - Votiro's DDR capability applies a Zero Trust model – all unstructured data which considered a threat by default. Votiro continuously disarms unstructured data to provide known safe data whilst monitoring, analysing and reporting to enterprise cyber security teams;
 - The monitoring, analytics and reporting capability helps an organisation prove compliance with global data privacy regulations in real time.

Market Expansion

VOTIRO



- This slide shows the progression of Votiro since Senetas invested.
- In 2018 Votiro established itself in the APAC and Japan market. Today its go to market model is mature, the technology is recognized as the worlds best and demand and pipeline is growing strongly.
- In 2022 Votiro entered the US market where the majority of the company's executive reside. During that time Votiro has built up a portfolio of blue chip customers.
- During 2023, Votiro received feedback from customers and Gartner that Votiro should expand its platform to encompass DDR.
- We plan to launch this new capability in the US in Q1 2024 calendar year and we are excited to bring this to market at a time when the industry is struggling with how to mitigate risks associated with unstructured data. We see this capability significantly expanding the value proposition of Votiro to the enterprise.

OUTLOOK



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- I'll now provide a brief update on the 2024 financial year to date, and a few comments on the outlook for our 2 businesses and the capital raising announced on Monday...

Outlook

- Strong demand for Senetas products drove sales pipeline growth of over 110% through FY2023
 - The encouraging signs of growth in Thales's end user sales during FY2023 have continued into the first 4 months of FY2024
 - Thales sales of Senetas products to the end of October 2023 are up over 100% compared to the same period in FY2023
- As global supply chain shortages ease the requirement to hold such large buffers of surplus inventory in the business is expected to abate
 - Senetas plans to transition towards more traditional inventory levels over the next 12 months and expects that Thales will do the same – this will have an impact on the Senetas's segment product sales revenue and profit in FY2024 due to lower inventory transfers to Thales. The Senetas segment's maintenance revenue will be unaffected
 - Good growth in third party sales of Senetas encryption products will see strong cash flow growth in FY2024
 - Consolidated group revenue is also expected to grow in FY2024 with a growing contribution from Votiro

- As I mentioned earlier, strong demand for Senetas products has driven sales pipeline growth of over 110% through FY2023.
- These encouraging signs of growth in Thales's end user sales during FY2023 have continued into the first 4 months of FY2024.
- Whilst we don't expect that same rate of growth to continue throughout the financial year, we are certainly encouraged by the sales momentum.
- As a result of the easing of component lead times, Senetas plans to transition towards more traditional inventory levels over the next 12 months and expects that Thales will do the same. This may have an impact on the Senetas's segment product sales revenue and profit in FY2024 due to lower inventory transfers to Thales.
- The important thing to note here is that good growth in third party sales of Senetas encryption products will see **strong cash flow growth** for the business in FY2024, and consolidated group revenue is also expected to grow in FY2024 with an increasing contribution from Votiro.

Outlook

- Increasing rates of cyber crime and the ongoing evolution of Votiro's patented security management solutions presents a sizeable opportunity for Votiro
- Votiro's business continues to make strong progress with 50% ARR growth since December 2022 and 60% growth since the same time last year
 - There was US\$10 million of sales pipeline growth in the HY to June 2023, excluding maintenance renewals, and total sales pipeline now sits at US\$43 million
 - Votiro's ARR at the end of September 2023 was US\$7.2 million
 - Votiro continues to target ARR of up to US\$10 million by the end of December 2023
- On track for cash flow breakeven for Votiro by mid calendar year 2024
- Asian market remains the key driver of growth
- Good pipeline growth from the US market, however, the sales cycle in that market remains significantly longer than in the Asian market

- Increasing rates of cyber crime and the ongoing evolution of Votiro's security management solutions presents a sizeable opportunity for Votiro.
- The business continues to make strong progress with 50% ARR growth since December 2022 and 60% growth since the same time last year, and we see a clear line of sight to cash flow breakeven for Votiro by the middle of the 2024 calendar year.
- With the total Votiro sales pipeline now sitting at US\$43 million we see increasing customer interest in Votiro's products, and this provides us with confidence in the near and medium-term outlook for the business.
- Asian market has been the key driver of recent growth for Votiro, but we expect the North American market to play an increasing role in growth over the next few years.

Senetas Capital Raising

- Senetas announced a partially underwritten non-renounceable entitlement offer and share placement earlier this week to raise up to \$5 million
 - Up to \$3.5 million will be raised via a partially underwritten non-renounceable pro rata entitlement offer (Offer) to eligible Australian and New Zealand shareholders of 1 new share at A\$0.014 per share for every 4.86 shares held at the Record Date plus 1 option for every 3 new shares subscribed for. Options will have an exercise price of \$0.025 per share and an expiry date of 12 months from date of issue
 - Partial underwriting commitments in place for A\$2.05 million of the target amount, with Southbank Capital Pty Ltd (an entity associated with Senetas Chairman, Francis Galbally) and MST Financial Services Pty Limited (MST) acting as co-underwriters. MST is also acting as lead manager to the Offer
 - In addition to Southbank Capital Pty Ltd's underwriting commitment, Senetas Directors, Andrew Wilson, Kenneth J. Gillespie, Philip Schofield and Lawrence D. Hansen have all indicated that they intend to participate in the Offer by taking up their entitlements under the offer and/or sub-underwriting to Southbank Capital Pty Ltd
 - Senetas has also received commitments for an additional \$1.5 million by way of a placement to institutional and sophisticated investors on the same terms as the Entitlement Offer
 - Funds are being raised to support the development of Votiro's business and for general working capital

- Senetas announced a partially underwritten non-renounceable entitlement offer and share placement earlier this week to raise up to \$5 million.
- Up to \$3.5 million will be raised via a partially underwritten non-renounceable pro rata entitlement offer of 1 new share at A1.4 cents per share for every 4.86 shares held at the Record Date, plus 1 option for every 3 new shares subscribed for. The options will have a strike price of 2.5 cents.
- Senetas has also received commitments for an additional \$1.5 million by way of a placement to institutional and sophisticated investors on the same terms as the Entitlement Offer.
- The key rationale for the raising is to support the ongoing development of the Votiro business and for general working capital purposes.
- The consolidated cash reserves of the Senetas group have been reduced as a result of continued support for Votiro, and whilst we expect it to reach a cash flow breakeven point by the middle of next calendar year, it

still requires ongoing support from its shareholders in the meantime.

- As Francis mentioned earlier, we believe Votiro represents an exciting growth opportunity for Senetas shareholders and we will continue to support it to achieve the growth we believe it can deliver in the near term.
- The Chairman, Senetas Directors, Ken Gillespie, Phil Schofield Lawrence Hansen and myself have all indicated that we intend to participate in the Offer by taking up their entitlements and or by sub-underwriting the entitlement offer.
- On behalf of the directors, I thank shareholders for your continued support of Senetas and encourage you to carefully consider participating in the offer at what is an exciting time in the development of the Votiro business.
- Thanks everyone, that concludes my presentation and I'd now like to hand the meeting back to the Chairman.