

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		Previous Corresponding Period	
	Half-year ended 31 December 2023		Half-year ended 31 December 2022	
2 Results for announcement to the market	31-Dec-23	31-Dec-22	Change	
	\$	\$	\$	%
2.1 Revenues from ordinary activities	13,490,405	14,908,295	(1,417,889)	(9.51%)
2.2 Net (loss)/profit before tax attributable to members	(3,902,197)	(2,854,873)	(1,047,324)	36.69%
2.3 Net (loss)/profit after tax attributable to members	(3,867,733)	(3,093,044)	(774,689)	25.05%
2.4 Other comprehensive income for the year attributable to members (foreign currency translation reserve)	(120,930)	179,217	(300,147)	167.48%
2.5 Net comprehensive loss after tax attributable to members	(3,988,663)	(2,913,827)	(1,074,836)	36.89%

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 Consolidated Interim Financial Report of Senetas Corporation Limited for the period ended 31 December 2023 attached. This document should be read in conjunction with the Annual Report of Senetas Corporation Limited for the year ended 30 June 2023 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-23	31-Dec-22
	(Cents Per Share)	(Cents Per Share)
Net tangible asset backing per ordinary security	(0.48)	(0.56)

Appendix 4D (continued)

6 Details of Entities Over Which Control Has Been Gained or Lost During The Period	None
7 Details of Associates / Joint Venture Holdings	None
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 29 February 2024



Consolidated Interim Financial Report for the half-year ended 31 December 2023

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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

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Auditors

Grant Thornton Audit Pty Ltd

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Melbourne VIC 3008

DIRECTORS' REPORT

Senetas Corporation Limited

Senetas Corporation Limited (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 2023 (HY24).

Names of Directors

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

CORPORATE INFORMATION

Senetas is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

HY2024 Financial Highlights:

- Strong growth in third-party sales of Senetas products and services – up over 40%
- Senetas segment sales pipeline continued to grow – up 34% compared to December 2022
- Votiro annual recurring revenue (ARR) currently US\$8.5 million – up over 75% from December 2022, but below target largely due to one large contract that has been delayed into the second half of FY2024
- Votiro sales pipeline (including renewals) in excess of US\$33 million at December 2023
- Senetas segment gross profit similar to the prior period with lower inventory transfers to Thales offset by lower cost of goods sold
- Senetas segment profit before tax was A\$1.4 million (HY2023: \$2.3 million) as a result of the planned lowering of inventory transfers to Thales and lower Variable Consideration
- Adjusting for Variable Consideration, Senetas segment revenue was down 4% to \$9.7 million, and profit before tax was \$1.7 million – up 19% over the prior period
- Group net loss after tax attributable to members was \$3.9 million (net cash loss after adjusting for non-cash items was \$2.5 million)
- Cash on hand at 31 December 2023 was \$11.7 million

DIRECTORS' REPORT

HY2024 Group Financials

Six months ended 31 December 2023 (\$'000's)	HY2024	HY2023
<i>Revenue from ordinary activities</i>		
Senetas	9,346	10,964
Votiro	4,144	3,945
Consolidated Group Revenue	13,490	14,908
<i>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</i>		
Senetas	1,464	2,204
Votiro	(8,003)	(6,714)
Consolidated Group EBITDA	(6,539)	(4,510)
<i>Net Profit (Loss) Before Tax</i>		
Senetas	1,426	2,331
Votiro	(9,511)	(8,441)
Consolidated Group Net Profit (Loss) Before Tax	(8,085)	(6,110)
Consolidated Net Profit(Loss) After Tax Attributable to Members	(3,868)	(3,093)
<i>Cash and cash equivalents at 31 December</i>		
	11,687	8,930

- Group operating revenue of \$13.5 million (HY2023: \$14.9 million)
- Lower group revenue was driven by lower inventory transfers to Thales, as expected, and lower Variable Consideration
- Senetas segment revenue adjusted for Variable Consideration was down 4% to \$9.7 million
- Gross margin for the Group was 90% - up from 81% in the prior period
- Senetas segment EBITDA was \$1.5 million
- The operating profit before tax for the Senetas operating segment in HY2024 was \$1.4 million (HY2023: \$2.3 million)
- Operating profit before tax for the Senetas segment adjusted for Variable Consideration was up 19% to \$1.7 million
- The Group net loss after tax of \$7.9 million for HY2024 includes a \$9.3 million operating loss after tax for Votiro
 - \$4.1 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
- Votiro annual recurring revenue (ARR) is currently US\$8.5 million – up over 75% from Dec 2022
- The Group net loss after tax attributable to members was \$3.9 million
- The Senetas group retains a strong balance sheet with no debt and \$8.9 million of cash on hand at 31 December 2022, and \$14.8 million of cash on hand at the end of February 2023
- The Group net loss attributable to members after adjusting for non-cash items was \$2.5 million
- Cash on hand at 31 December 2023 was \$11.7 million

DIRECTORS' REPORT

Commenting on the six months to 31 December 2023, Senetas CEO, Andrew Wilson, said:

"Despite some complexity in the reported results for the Senetas business segment in HY2024, both the Senetas and Votiro businesses have made good progress in growing third-party sales and their future sales pipelines.

"The Senetas business has been hampered in recent years by industry wide electronic component shortages that have significantly impacted our end customer's technology projects and has consequently delayed their orders for Senetas products. With those component shortages having now eased we have seen a very strong return to growth in completed orders with customers.

"Thales's third-party sales of Senetas products and services were up over 40% compared to the prior period, and the number of hardware units shipped was 46% higher. And together with the increase in third-party sales we have also seen 34% growth in Senetas's future sales pipeline which will support sales growth through 2024.

"Despite the lower inventory transfers and Variable Consideration, the Senetas segment gross profit remained similar to the prior period, with lower reported revenue offset by lower cost of goods sold. Gross margins increased to 90% with a lower proportion of sales relating to inventory transfers, however, we expect Senetas segment margins will return to long term averages as inventory levels normalise over the next 12-18 months.

"After eliminating the impacts of Variable Consideration on the Senetas segment results, profit before tax was up 19% to \$1.7 million reflecting the higher margins through the period.

"Votiro's ARR has reached US\$8.5 million, which is below its previously stated target range. The key driver of the lower than target ARR was a large deal in the Asia Pacific market that has been delayed due to extended procurement processes. The deal is still expected to be completed in the second half of FY2024.

"As a new supplier to some of our larger customers, Votiro is confronting these extended procurement processes that can cause transaction finalisation to be delayed by up to a few months in some cases. To date, however, no deals have been lost as a result of these delays, and Votiro is confident of strong growth in 2024. New sales and partner incentives are also expected to help shorten sales cycles in 2024.

"Despite some of these delays, with improved deal closure rates and planned operating efficiencies, Votiro remains on track to reach cash flow breakeven around the middle of the 2024 calendar year."

Senetas operational review

As disclosed in Senetas's FY2023 results, lower inventory shipments to Thales were expected through FY2024, and they were the key driver of lower revenue in HY2024. In total, inventory shipments to Thales were down 23%.

With the global electronic component shortages having eased, Senetas and Thales are expected to continue lowering safety stock levels and transition to more historic inventory levels over the next 12-18 months.

However, there was strong growth in demand for Senetas products during HY2024. Third-party sales of Senetas products and services by Thales were up 40% which partially offset the lower reported revenue from inventory transfers and a negative adjustment to Variable Consideration (refer tables on page 6). The number of units shipped by Thales was up 46%.

The future sales pipeline continued to build throughout HY2024 with the Thales pipeline of sales for Senetas products up 34% compared to Dec 2022.

Despite the lower inventory transfers and Variable Consideration, Senetas segment gross profit was similar to the prior period, with the lower revenue largely offset by lower cost of goods sold. Gross margins increased to 90% with a higher proportion of sales relating to third-party sales by Thales.

Operating expenses were higher in HY2024, primarily driven by additional R&D costs associated with upgrades to Senetas's 10Gbps encryptors, and a new version of the 100Gbps encryptor under development. Additional costs were also incurred in relation the processes to update some of Senetas's global security certifications.

DIRECTORS' REPORT

Other income was lower after the completion of a customer funded project in the Europe region.

Senetas's profit before tax adjusted for Variable Consideration was up 19% to \$1.7 million. The Senetas segment reported profit before tax was lower at \$1.4 million (HY2023: \$2.3 million).

Thales's recently completed acquisition of Imperva creates a cybersecurity business with over US\$1.5 billion in revenue and is now the 5th largest cybersecurity company globally. The acquisition of Imperva will significantly expand Thales's access to the cybersecurity market.

Senetas's and Votiro's product portfolios are very complementary to Imperva's with no competing products, and therefore represent an important medium term growth opportunity once the Thales/Imperva business integration is complete.

Votiro operational review

Votiro's operating revenue was up 5.1% to \$4.14 million in HY2024 driven by growth in the Asia Pacific region. The Asia Pacific region remains the key driver of Votiro's revenue and ARR. There were 36 new customers and 'upsell' deals completed through the 2023 calendar year.

Votiro has continued to develop its customer base and sales pipeline through the period, however, there have been some unexpected delays in contract completion that meant its previously disclosed ARR target was not met. As a new supplier to some of its larger customers, Votiro is confronting extended procurement processes have delayed contract closure by up to 2 or 3 months in a few cases. However, despite these delays, Votiro has to date not lost any deals through that process and remains confident of strong growth in 2024.

Votiro's ARR is currently US\$8.5 million, below the target of up to US\$10 million, primarily due to the delay of one large contract yet to be finalised in the Asia Pacific region. That deal is nonetheless expected to be completed in the second half of FY2024.

The total contract value for Votiro at 31 December 2023 was US\$30 million, up 37% since August 2023, and its future sales pipeline was US\$33 million.

Votiro FY2023 loss after tax was \$9.3 million (HY2023: \$8.2 million) which included \$1.8 million of non-cash items. Of Votiro's after tax loss, \$4.1 million is attributable to the minority interests in Votiro.

Votiro is consistently succeeding in technology trails against its direct competitors, and an upgraded product launch and sales and marketing program is due to be rolled out across the next few months.

Votiro's customer renewal rate remained at >90% which, consistent with FY2023, was slightly below the prior period as Votiro discontinued support for some low margin end of life products in the Japan market.

With improved deal closure rates and planned operating efficiencies through the second half of FY2024, Votiro remains on track to reach its cash flow breakeven target by the middle of the 2024 calendar year.

Balance sheet and cash flow

Consolidated net assets at 31 December 2023 were \$3.2 million with cash on hand of \$11.7 million. The lower net assets at 31 December 2023 reflect the consolidation of the current period loss from Votiro, partly offset by the capital raised by Senetas in December 2023.

The higher cash on hand at 31 December 2023 reflects the impact of the Senetas capital raising and Senetas segment cash inflows, partly offset by the consolidation of the Votiro losses.

Consolidated group receipts from customers were down 13% in line with lower reported revenue, however, cash flow in the second half of FY2024 is expected to be stronger than the first half, and FY2024 cash flow is expected to be ahead of FY2023.

DIRECTORS' REPORT

Senetas successfully completed a placement and entitlement offer in December 2023 to raise \$5 million. The primary objectives of the capital raise were to support Senetas's investment in Votiro and for general working capital purposes. Whilst Votiro is targeting cash flow breakeven by the middle of the 2024 calendar year, it continues to require the financial support of its shareholders until it reaches that point.

Outlook

Commenting on the Company's outlook, Mr Wilson said:

"Increasing demand for Senetas's products and services has seen strong recent growth in third-party sales as well as growth in the future sales pipeline. With increasing sales momentum throughout HY2024, and the sales pipeline at Dec 2023 up 34%, we anticipate that the good recent sales momentum will continue through 2024.

"As we have previously disclosed to the market, lower inventory shipments to Thales will continue to impact reported revenue through the remainder of 2024, but the anticipated strong third-party sales by Thales are expected to generate higher gross margins for the Senetas segment and therefore moderate the impact on profit.

"Both cash flow and third-party sales of Senetas products in FY2024 are expected to be higher than FY2023.

"Votiro's business continues to build its customer base and sales pipeline with over 75% ARR growth since December 2022. Its total sales pipeline was US\$33 million at December 2023, with US\$21 million of new pipeline prioritised for focus in the 2024 calendar year.

"Whilst pipeline conversion remains a bit slower than anticipated due to extended procurement processes with some larger contracts, no deals are being lost as a result and good progress is expected through the remainder of FY2024. In addition, new sales and partner incentives have been established recently that are expected to help shorten sales cycles in 2024.

"Importantly, the cash flow breakeven target around the middle of calendar year 2024 remains on track."

Variable Consideration

AASB15 has applied to Senetas's results since FY2019, but to date only the Senetas business segment has been impacted by Variable Consideration.

AASB15 requires the company to estimate and recognise the revenue expected to be earned from customer contracts in the future, rather than waiting for the actual end sale before recognising the revenue. The practical effect of this for Senetas is that it must recognise in a reporting period the revenue expected to be generated from the inventory held by Thales in the period in which the inventory is originally purchased by Thales, before it is on-sold to a third-party customer.

Generally, as Thales's inventory of Senetas products grows, AASB15 will increase Senetas's reported revenue, and as Thales's inventory declines, as it has done in HY2024, it will reduce Senetas's reported revenue, despite the strong growth in third party sales of Senetas products and services by Thales in HY2024.

The tables below highlight the impact of the Variable Consideration adjustments to Senetas segment revenue and PBT over recent half years.

Senetas operating segment - impact of AASB 15 (variable consideration) on Year on Year growth rates for HY2024

Half years ended 31 December (000's)	HY2024	HY2023	Difference	%
Senetas segment reported revenue	9,346	10,964	(1,618)	(14.8)
Variable Consideration per AASB 15	(321)	854	(1,175)	(137.6)
Adjusted revenue	9,667	10,110	(443)	(4.4)
Senetas segment profit before tax	1,426	2,331	(905)	(38.8)
Adjustment for Variable Consideration	321	(854)	1,175	(137.6)
Profit before tax adjusted for variable consideration	1,747	1,477	270	18.2

DIRECTORS' REPORT

Senetas operating segment - impact of AASB 15 (variable consideration) on reported financials since FY2020

Half years ended 31 December (000's)	HY2024	HY2023	HY2022	HY2021	HY2020
Senetas segment reported revenue	9,346	10,964	10,084	12,760	9,932
Variable Consideration per AASB 15	(321)	854	426	432	(133)
Adjusted revenue	9,025	10,110	9,658	12,328	10,065
Senetas segment profit before tax	1,426	2,331	951	3,464	70
Adjustment for Variable Consideration	321	(854)	(426)	(432)	133
Profit before tax adjusted for variable consideration	1,747	1,477	525	3,032	203

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 29 February 2024

Grant Thornton Audit Pty Ltd

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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 2023. 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, 29 February 2024

Interim Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	CONSOLIDATED	
		December 2023	December 2022
		\$	\$
Revenue from contracts with customers	1	13,490,405	14,908,295
Revenue		13,490,405	14,908,295
Materials and support services expense		(1,357,337)	(2,786,268)
Other income	2	59,015	268,780
Employee benefits expense	3(a)	(11,786,057)	(10,860,690)
Depreciation and amortisation expense	3(b)	(1,594,848)	(1,619,920)
Administration expenses	3(c)	(4,826,098)	(4,150,582)
Professional fees	3(d)	(1,018,761)	(804,530)
Other expenses	3(e)	(977,614)	(917,688)
Finance costs	3(f)	(73,857)	(147,639)
Loss before income tax		(8,085,151)	(6,110,242)
Income tax (expense) / benefit	4	148,508	(136,397)
Loss after income tax		(7,936,643)	(6,246,639)
Other comprehensive income/(loss)			
<i>Items that may be subsequently classified to profit or loss:</i>			
Exchange differences on translating foreign operations		(174,590)	292,803
Other comprehensive income/(loss) for the period		(174,590)	292,803
Total comprehensive (loss)/ income for the period, net of tax		(8,111,233)	(5,953,836)
Loss for the period is attributable to:			
Owners of the parent		(3,867,733)	(3,093,044)
Non-controlling interest		(4,068,910)	(3,153,595)
		(7,936,643)	(6,246,639)
Total comprehensive loss for the period is attributable to:			
Owners of the parent		(3,988,663)	(2,913,827)
Non-controlling interest		(4,122,570)	(3,040,009)
		(8,111,233)	(5,953,836)
Earnings per share			
Basic, profit for the period attributable to ordinary equity holders of the Parent.		(0.31)	(0.25)
Diluted, profit for the period attributable to ordinary equity holders of the Parent.		(0.31)	(0.25)

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 2023

	Notes	CONSOLIDATED	
		December 2023	June 2023
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		11,687,177	9,813,782
Trade receivables and contract assets	6	7,574,670	6,005,523
Inventories		5,679,934	5,321,537
Other assets		1,159,361	1,397,876
Current income tax receivable		-	153,819
Total current assets		26,101,142	22,692,537
Non-current assets			
Long-term cash deposit		91,667	91,667
Non-current prepayments		489,481	28,953
Plant and equipment		615,341	733,647
Goodwill and intangible assets	8	6,201,889	7,790,336
Right-of-use asset		187,299	327,774
Total non-current assets		7,585,677	8,972,377
TOTAL ASSETS		33,686,819	31,664,914
LIABILITIES			
Current liabilities			
Trade and other payables		5,138,326	4,816,499
Current income tax payable		308,248	-
Contract liabilities	7	12,716,446	9,810,565
Lease liabilities		224,346	333,579
Provisions		1,772,001	1,681,404
Total current liabilities		20,159,366	16,642,047
Non-current liabilities			
Deferred tax liabilities		386,435	1,018,316
Provisions		73,227	66,667
Contract liabilities	7	7,667,987	7,559,312
Interest-bearing liabilities	10	2,219,225	-
Lease liabilities		-	56,416
Total non-current liabilities		10,346,874	8,700,711
TOTAL LIABILITIES		30,506,240	25,342,758
NET ASSETS		3,180,579	6,322,156
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	9	113,468,158	109,127,198
Accumulated losses		(107,533,926)	(103,666,193)
Reserves		7,183,485	6,103,209
Equity attributable to owners of the parent		13,117,716	11,564,214
Non-controlling interests		(9,937,138)	(5,242,058)
TOTAL EQUITY		3,180,578	6,322,156

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 2023

	Notes	CONSOLIDATED	
		December 2023	December 2022
		\$	\$
Cash flows used in operating activities			
Receipts from customers		15,300,784	17,689,047
Payments to suppliers and employees		(19,606,591)	(18,923,727)
Income tax paid		(22,177)	(312,143)
Interest received		59,788	36,967
Net cash flows used in operating activities		(4,268,195)	(1,509,856)
Cash flows used in investing activities			
Proceeds from disposal of plant and equipment		-	1,972
Purchase of plant and equipment		(118,780)	(105,952)
Purchase of other intangibles	8	-	(23,885)
Net cash flows used in investing activities		(118,780)	(127,865)
Cash flows from/(used in) financing activities			
Proceeds from issued capital		4,340,960	15,176
Proceeds from loans		2,211,085	
Payment of interest on lease liability		(9,984)	(17,776)
Payment of principal portion of lease liability		(165,649)	(151,102)
Net cash flows from/(used in) financing activities		6,376,411	(153,702)
Net decrease in cash and cash equivalents		1,989,436	(1,791,423)
Net foreign exchange differences		(116,041)	29,499
Cash and cash equivalents at beginning of the period		9,813,782	10,691,806
Cash and cash equivalents at end of period		11,687,177	8,929,882

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 2023

	Attributable to equity holders of Senetas Corporation Ltd					Owners of the parent	Non-controlling interest	Total equity
	Contributed equity	Accumulated losses	Foreign currency translation reserve	Employee benefits reserve	Other reserves	Total		
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED								
At 1 July 2022	108,996,265	(96,352,608)	(11,663)	3,963,896	246,262	16,842,152	(5,245,320)	11,596,832
Loss for the period	-	(3,093,044)	-	-	-	(3,093,044)	(3,153,595)	(6,246,639)
Other comprehensive income	-	-	179,217	-	-	179,217	113,587	292,804
Total comprehensive income	-	(3,093,044)	179,217	-	-	(2,913,827)	(3,040,009)	(5,953,836)
Transactions with owners in their capacity as owners								
Transaction costs net of tax	81,830	-	-	-	-	81,830	-	81,830
Acquisition of non-controlling interests	-	-	-	-	(48,833)	(48,833)	48,833	-
Options converted to shares	-	-	-	-	-	-	15,176	15,176
Share based payments expense	-	-	-	447,598	-	447,598	218,807	666,405
At 31 December 2022	109,078,095	(99,445,652)	167,554	4,411,494	197,429	14,408,919	(8,002,513)	6,406,406
	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2023	109,127,198	(103,666,193)	409,260	4,701,089	992,860	11,564,214	(5,242,058)	6,322,156
Loss for the period	-	(3,867,733)	-	-	-	(3,867,733)	(4,068,910)	(7,936,644)
Other comprehensive income	-	-	(120,930)	-	-	(120,930)	(53,660)	(174,590)
Total Comprehensive Income	-	(3,867,733)	(120,930)	-	-	(3,988,663)	(4,122,570)	(8,111,233)
Transactions with owners in their capacity as owners								
Transaction costs net of tax	4,340,960	-	-	-	-	4,340,960	-	4,340,960
Acquisition of non-controlling interests	-	-	-	-	808,293	808,293	(808,293)	-
Options converted to shares	-	-	-	-	-	-	-	-
Share based payments expense	-	-	-	392,913	-	392,913	235,783	628,696
At 31 December 2023	113,468,158	(107,533,926)	288,330	5,094,002	1,801,153	13,117,716	(9,937,138)	3,180,578

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 2023

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FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 2023 were authorised for issue in accordance with a resolution of directors on 29 February 2024.

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 2023.

The interim condensed 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 condensed 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 condensed consolidated financial report are consistent with those followed in the preparation of the Group's annual report for the year ended 30 June 2023.

The financial report has been prepared on a going concern basis. At 31 December 2023, the Group had cash and cash equivalents of \$11.7m.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed 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 condensed 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 2023.

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 2023	December 2022
	\$	\$
Sale of goods	5,211,132	6,817,646
Product maintenance and subscription revenue	8,279,273	8,090,649
Total revenue from contracts with customers	13,490,405	14,908,295
Geographical markets		
Africa	49,748	37,241
Asia Pacific	4,122,706	4,557,185
United States	4,613,063	5,368,346
Europe	4,704,889	4,945,523
Total revenue from contracts with customers	13,490,405	14,908,295
Timing of revenue recognition		
Goods transferred at a point in time	5,211,132	6,817,646
Services transferred over time	8,279,273	8,090,649
Total revenue from contracts with customers	13,490,405	14,908,295
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	20,384,676	17,983,922
Provision of services	-	-
Total	20,384,676	17,983,922
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	12,716,689	9,343,189
Two (2) years from the reporting date	4,504,407	4,234,365
Three (3) years from the reporting date	2,500,324	2,704,596
Between four (4) and five (5) years	663,256	1,701,772
Total	20,384,676	17,983,922
2 OTHER INCOME		
Interest income	59,015	37,725
Other income	-	231,055
Total	59,015	268,780

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

3 EXPENSES

	Notes	CONSOLIDATED	
		December 2023	December 2022
		\$	\$
(a) Employee benefits expense			
Salaries & wages		10,876,970	9,932,035
Superannuation		280,391	262,250
Share based payment expense		628,696	666,405
Total		11,786,057	10,860,690
(b) Depreciation and amortisation expense			
Depreciation:			
Plant and equipment		176,502	221,458
Leasehold improvements		26,653	23,114
Right-of-use asset		140,474	140,474
Amortisation:			
Customer relationships	8	136,341	132,766
Software	8	1,114,878	1,102,108
Total		1,594,848	1,619,920
(c) Administration expenses			
Premises costs		410,657	394,100
Travel expenditure		449,641	424,989
Telephone and internet expenditure		83,641	97,789
Insurance expenditure		235,526	341,326
Marketing expenditure		1,818,719	1,423,130
External contractors -sales and corporate		1,827,914	1,469,248
Total		4,826,098	4,150,582
(d) Professional fees			
Certification, testing and direct R&D expenditure		473,742	393,284
Legal fees		203,597	197,783
Professional services		341,422	213,463
Total		1,018,761	804,530
(e) Other expenses			
Subscriptions and membership fees		399,283	395,462
Net loss on foreign exchange		56,039	46,355
Other expenses		522,292	475,871
Total		977,614	917,688
(f) Finance costs			
Bank fees and service charges		63,873	129,863
Interest expense on lease liabilities		9,984	17,776
Total		73,857	147,639

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

4 INCOME TAX

	Notes	CONSOLIDATED	
		December 2023	December 2022
		\$	\$
(a) Major components of income tax expense in the Interim Consolidated Statement of Comprehensive Income are:			
Current income tax			
Current income tax charge		(640,140)	(436,682)
Adjustments in respect of current income tax of previous periods		315,815	213,479
Deferred income tax			
Relating to origination and reversal of temporary differences		472,833	86,806
Income tax (expense)/benefit reported in the Interim Consolidated Statement of Comprehensive Income		148,508	(136,397)

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 2023	Senetas	Votiro	Total	
	\$	\$	\$	
Segment revenue - Revenue from contracts with customers				
Sale of goods	5,211,132	-	5,211,132	
Product maintenance and subscription revenue	4,134,990	4,144,284	8,279,273	
Total Segment Revenue	9,346,122	4,144,284	13,490,405	
	Senetas	Votiro	Eliminations ⁽¹⁾	Total
	\$	\$	\$	\$
Result				
Segment profit/(loss) before tax	1,425,649	(9,510,800)	-	(8,085,151)
Income tax (expense) /benefit	(110,835)	259,344	-	148,508
Segment profit/(loss) after tax	1,314,813	(9,251,456)	-	(7,936,643)
<i>Income / (expenses)</i>				
Depreciation and amortisation	(321,579)	(1,273,269)	-	(1,594,848)
Share based payments expense	(92,597)	(536,099)	-	(628,696)

(i) The eliminations include the investment in subsidiary and loans with subsidiary

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

5 SEGMENT INFORMATION (CONTINUED)

Half-year ended 31 December 2023	Senetas	Votiro	Eliminations ⁽¹⁾	Total
	\$	\$	\$	\$
Non-current assets	26,660,095	6,631,480	(25,705,896)	7,585,677
Total assets	50,963,555	14,030,618	(31,307,355)	33,686,819
Total liabilities	(11,436,276)	(24,671,423)	5,601,459	(30,506,240)
Net assets	39,527,279	(10,640,805)	(25,705,896)	3,180,579

Cashflows

Operating activities	(1,027,705)	(3,240,490)	-	(4,268,195)
Investing activities	(69,331)	(49,449)	-	(118,780)
Financing activities	(1,201,991)	7,578,403	-	6,376,411

Half-year ended 31 December 2022	Senetas	Votiro	Total
	\$	\$	\$

Segment revenue - Revenue from contracts with customers

Sale of goods	6,817,646	-	6,817,646
Product maintenance and subscription revenue	4,145,996	3,944,653	8,090,649
Total Segment Revenue	10,963,642	3,944,653	14,908,295

	Senetas	Votiro	Eliminations ⁽¹⁾	Total
	\$	\$	\$	\$
Result				
Segment profit/(loss) before tax	2,331,082	(8,441,324)	-	(6,110,243)
Income tax expense / (benefit)	(400,225)	263,828	-	(136,397)
Segment profit/(loss) after tax	1,930,857	(8,177,496)	-	(6,246,639)
<i>Income / (expenses)</i>				
Depreciation and amortisation	(386,684)	(1,233,236)	-	(1,619,920)
Share based payments expense	(99,195)	(567,210)	-	(666,405)
Non-current assets	19,166,742	8,683,718	(16,665,294)	11,185,165
Total assets	44,933,383	14,680,937	(25,815,194)	33,799,127
Total liabilities	(12,480,460)	(24,062,160)	9,149,900	(27,392,721)
Net assets	32,452,922	(9,381,223)	(16,665,294)	6,406,406

Cashflows

Operating activities	(1,908,695)	398,839	-	(1,509,856)
Investing activities	(78,416)	(49,449)	-	(127,865)
Financing activities	(2,338,650)	2,184,948	-	(153,702)

(i) The eliminations include the investment in subsidiary and loans with subsidiary

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 region other than as shown below.

Half-year ended 31 December 2023	Senetas	Votiro	Total
	\$	\$	\$
Africa	-	49,748	49,748
Asia Pacific	1,153,473	2,969,233	4,122,706
United States	3,951,249	661,814	4,613,063
Europe	4,241,400	463,489	4,704,889
Total	9,346,122	4,144,284	13,490,405

Half-year ended 31 December 2022	Senetas	Votiro	Total
	\$	\$	\$
Africa	-	37,241	37,241
Asia Pacific	1,508,713	3,048,472	4,557,185
United States	4,800,322	568,024	5,368,346
Europe	4,654,607	290,916	4,945,523
Total	10,963,642	3,944,653	14,908,295

Revenue from one customer - the Company's global distribution partner, Thales - amounted to \$8,769,374 (2022: \$8,773,078) arising from the above mentioned geographical areas.

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

WORKING CAPITAL SECTION

6 TRADE RECEIVABLES AND CONTRACT ASSETS

	Notes	CONSOLIDATED	
		December 2023	June 2023
		\$	\$
Trade receivables (i)		4,164,121	2,434,480
Contract asset		3,059,045	3,380,202
Net GST receivable		351,504	190,841
Total		7,574,670	6,005,523

(i) The fair value of trade receivables 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 credit losses is negligible.

The Group holds no collateral against possible default by a customer. There were no receivables written off during the year.

7 CONTRACT LIABILITY

	Notes	CONSOLIDATED	
		December 2023	June 2023
		\$	\$
(a) Contract liability Reconciliation			
Opening balance as at 1 July		17,369,877	17,554,985
Maintenance prepayments received during the period		11,293,829	16,803,189
Maintenance revenue recognised during the period		(8,279,273)	(16,988,297)
Closing balance		20,384,433	17,369,877
Current contract liabilities		12,716,446	9,810,565
Non-current contract liabilities		7,667,987	7,559,312
Total		20,384,433	17,369,877

Notes to the Interim Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

OPERATING ASSETS AND LIABILITIES

8 GOODWILL AND INTANGIBLE ASSETS

	Notes	Goodwill \$	Customer relationships \$	Software \$	Total \$
Half-year ended 31 December 2023					
At 1 July 2023, net of accumulated amortisation and impairment		4,023,678	410,010	3,356,647	7,790,335
Additions		-	-	-	-
Amortisation		-	(136,341)	(1,114,878)	(1,251,219)
Exchange differences		(84,710)	(28,127)	(224,390)	(337,227)
At 31 December 2023 net of accumulated amortisation and impairment		3,938,968	245,542	2,017,379	6,201,889
At 31 December 2023 net of accumulated amortisation and impairment					
Cost (gross carrying amount)		3,938,968	1,307,919	10,771,318	16,018,205
Accumulated amortisation and impairment		-	(1,062,375)	(8,753,941)	(9,816,316)
Net carrying amount at 31 December 2023		3,938,968	245,543	2,017,378	6,201,889
Year ended 30 June 2023					
At 1 July 2022, net of accumulated amortisation and impairment		3,883,670	627,953	5,147,960	9,659,583
Additions		-	-	28,336	28,336
Amortisation		-	(264,432)	(2,190,521)	(2,454,953)
Exchange differences		140,009	46,490	370,871	557,370
At 30 June 2023 net of accumulated amortisation and impairment		4,023,679	410,011	3,356,646	7,790,336
At 30 June 2023 net of accumulated amortisation and impairment					
Cost (gross carrying amount)		4,023,679	1,336,045	11,027,307	16,387,031
Accumulated amortisation and impairment		-	(926,034)	(7,670,661)	(8,596,695)
Net carrying amount at 30 June 2023		4,023,679	410,011	3,356,646	7,790,336

An assessment was made by management to determine whether any indicators of impairment exist. Indicators assessed included but were not limited to; the CGU's operating result, technology obsolescence, changes in laws and regulations. Impairment testing was performed and no impairment was noted.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

CAPITAL AND FINANCIAL RISK MANAGEMENT

9 CONTRIBUTED EQUITY

Ordinary shares	CONSOLIDATED	
	December 2023	June 2023
	\$	\$
Issued and paid-up capital		
Ordinary shares each fully paid	113,468,158	109,127,198

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

Movements in ordinary shares on issue

	December 2023		June 2023	
	Number of shares	\$	Number of shares	\$
Beginning of the financial period	1,214,140,627	109,127,198	1,213,795,627	108,996,265
Capital Raise, net of transaction costs ¹	357,142,738	4,340,960	-	81,830
Performance rights converted to shares	-	-	345,000	49,103
End of the financial period	1,571,283,365	113,468,158	1,214,140,627	109,127,198

¹ In December 2023, Senetas Corporation Limited completed a share placement at \$1.5 million and a rights offer at \$3.5 million which transaction costs of \$659,040 were incurred.

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 2023

10 INTEREST BEARING LIABILITIES

	Notes	CONSOLIDATED	
		December 2023	June 2023
		\$	\$
<i>Non-current</i>			
Interest-bearing loan		2,219,225	-
Total		2,219,225	-

(i) During the reporting period, Votiro Cybersec Global Pty Ltd entered into a loan agreement with Harvest Lane Asset Management Pty Ltd (Harvest Lane) to provide funds for working capital purposes. The loan attracted an interest rate of 15% per annum with the accrued unpaid interest capitalised and added to the principal outstanding.

Votiro Cybersec Global Pty Ltd also entered into a loan agreement with Senetas Corporation Limited (Senetas) on the same terms. The loan balance comprising principal and accrued interest at the reporting date was \$5.6 million. This is eliminated in full on consolidation.

The loan agreements with Harvest Lane and Senetas are secured against the assets of the Votiro Group. The loans are repayable on 1 February 2025 or such later date agreed between the parties in writing, therefore at reporting date these loans are classified as non-current interest bearing liabilities.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

11 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 interest-bearing liabilities. Apart from investment securities and interest-bearing liabilities, other financial instruments arise directly from its operations. Except for the investment securities, due to the 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 2023			
<i>Financial assets</i>			
Investments in securities	-	-	-
30 June 2023			
<i>Financial assets</i>			
Investments in securities	-	-	-

The investments in unquoted securities is categorised within level 3 of the fair value hierarchy and has a nil fair value.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

GROUP STRUCTURE

12 MATERIAL PARTLY-OWNED SUBSIDIARIES

(a) Material subsidiaries

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

Proportion of equity interest held by non-controlling interests:	December 2023	June 2023
Name	\$	\$
Votiro Cybersec Global Limited	43.8%	40.8%
Accumulated balances of material non-controlling interest	(9,937,138)	(5,242,058)
Loss allocation to material non-controlling interest	(4,068,910)	(6,873,821)

Refer to note 12(c) for a summary of the transactions with non-controlling interest.

(b) Non-controlling interests (NCI)

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

	December 2023	December 2022
	\$	\$
Revenue from contracts with customers	4,144,283	3,944,653
Cost of sales	(346,257)	(287,509)
Administrative expenses	(13,074,686)	(11,604,829)
Finance costs	(234,141)	(493,639)
Loss before tax	(9,510,800)	(8,441,324)
Income tax	259,344	263,828
Loss for the period	(9,251,456)	(8,177,496)
Attributable to non-controlling interest	(4,068,910)	(3,153,595)

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

12 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

	December 2023	June 2023
	\$	\$
Summarised statement of financial position before elimination entries:		
Cash and cash equivalents	6,482,469	2,308,840
Trade receivables and other current assets	916,670	1,129,070
Plant and equipment and other non-current asset	488,138	147,360
Goodwill and other intangibles	6,143,341	7,704,572
Trade and other current liabilities	(8,319,971)	(2,240,865)
Contract liabilities - current	(8,604,006)	(4,642,712)
Contract liabilities - non-current	(5,022,757)	(5,371,628)
Other non-current liabilities	(2,724,688)	(786,697)
Total equity	(10,640,803)	(1,752,060)
Attributable to:		
Equity holders of parent	(703,665)	3,489,998
Non-controlling interest	(9,937,138)	(5,242,058)
	December 2023	December 2022
	\$	\$
Summarised cash flow information for the half-year ended 31 December:		
Operating	(3,240,490)	398,839
Investing	(49,449)	(49,449)
Financing	7,578,403	2,184,948
Net decrease in cash and cash equivalents	4,288,464	2,534,338

(c) Transactions with non-controlling interests

In July 2023, Votiro granted options and the net impact to the Group's interest in Votiro Cybersec Global Pty Ltd was an increase of non-controlling interest by 3.3% on a fully diluted basis. Additionally, in October 2023 options were forfeited which resulted in a reduction of non-controlling interest by 0.3% on a fully diluted basis. The non-controlling interest in Votiro Cybersec Global Pty Ltd at 31 December 2023 was 43.8%.

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 an increase in the equity attributable to owners of the parent of \$808,293 and a decrease in non-controlling interests of \$808,293.

Notes to the Financial Statements (continued)

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023 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: 29 February 2024

Independent Auditor's Review Report

To the Members of Senetas Corporation Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Senetas Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 Group's financial position as at 31 December 2023 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 2023 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, 29 February 2024