SENETAS

SECURITY WITHOUT COMPROMISE

Consolidated Financial Report for the year ended 30 June 2024

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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

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Melbourne VIC 3008

Annual General Meeting Date and Place
Annual General Meeting (AGM) of shareholders of Senetas Corporation Limited (Company) will be held on Friday 15 November 2024. Further details as to how this meeting will be conducted will be provided in the AGM Notice of Meeting.

DIRECTORS' REPORT

Senetas Corporation Ltd

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

Your directors are pleased to submit their report for the year ended 30 June 2024 (FY24).

Names, Qualifications, Experience and Special Responsibilities

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

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

Francis W. Galbally LLB (Hons) - Non-Executive Chairman

Mr Francis Galbally is the founder and non-executive Chairman of Senetas.

He held the positions of CEO and Chairman of the company from its commencement in 1999 until, for family reasons, Mr Galbally retired as an executive in February 2006 and as a director in May 2007.

In 2012 Mr Galbally led Senetas's significant capital and business restructure and re-joined the company as a significant shareholder and board member. He was re-appointed chairman on 30 April 2013.

Mr Galbally has over 35 years' experience in international business and commercial law. He is a graduate (first class honours) in Law at Melbourne University and worked in a professional legal practice for 15 years, specialising in business law. He was a partner in the leading law firm Galbally & O'Bryan during which time he successfully led a number of landmark commercial litigation cases.

An investor and corporate advisor, Mr Galbally is the major shareholder in Southbank Capital Pty Ltd. (AFSL 343678). He specialises in technology, environment, food, mining and energy sectors.

Mr Galbally has been a director, chairman and significant investor in a number of Australian Stock Exchange (ASX) listed companies over the past 25 years. As a result, Mr Galbally has developed an extensive network of international business partners.

During his successful legal career, Mr Galbally was responsible for recovering more than $1 billion in investor funds ($1 for $1) lost as a result of the major corporate failures (Pyramid Building Societies and Estate Mortgage Trusts) during the 1990's.

Mr Galbally is Chair of Optic Security Group Ltd (OSG) which designs and installs security solutions for Government, Defence, Health and Aged Care, and industrial organisations. OSG is a Senetas partner.

Francis Galbally is Director of the Cabrini Foundation. The Cabrini Foundation oversees and guides all fundraising activities on behalf of Cabrini, a not-for-profit, private, Catholic healthcare provider. Francis is also the Victorian convenor of the Constitution Education Fund of Australia – a non-political charity dedicated to advancing knowledge of the Australian constitution within the community.

DIRECTORS' REPORT

Andrew R. Wilson BEcon, CA, ACIS - Chief Executive Officer

Mr Andrew Wilson was appointed CEO on 15 August 2012. Previously he was Senetas's Chief Financial Officer (CFO) and Company Secretary. Throughout his career with Senetas, Mr Wilson has had a significant role in the important stages of the company's development since it was first listed on the ASX in 1999.

Mr Wilson has developed a strong understanding of Senetas's technologies and product applications, including customers' requirements and their distribution channels. His focus included product development, manufacturing and the business's financial drivers. Mr Wilson has significant expertise in the global cyber-security market and the data networking and encryption segments in particular.

Through his extensive engagement with cyber-security communities – government, commercial and regulatory – Mr Wilson has been closely involved in the management of the company's R&D and customers' security solution needs and expectations.

Mr Wilson's strong relationships in the international cyber-security sector, including solutions vendors and service providers, has contributed to his strong understanding of the markets and demand drivers for Senetas security products.

Commencing his career with KPMG working with the banking and broking financial sectors, Mr Wilson has also worked in the United Kingdom with Deutsche Bank and NatWest Bank Plc. His experience in corporate restructure has added to Mr Wilson's considerable financial and administrative skills.

Importantly, Mr Wilson brings to his CEO role strategic planning skills, a customer-centric focus and an understanding of the cyber-security markets' dynamics.

Mr Wilson is a member of the Institute of Chartered Accountants Australia and the Institute of Chartered Secretaries Australia.

Lachlan P. Given BBus - Non-Executive Director

Mr Given is the Chief Executive Officer (CEO) of EZCORP, Inc. (EZPW - NASDAQ) (appointed April 2022) and was reappointed as a director of the EZCORP Board in March 2022, having previously served as non-executive Chair of the EZCORP Board of Directors from July 2014 to September 2019.

Before joining EZCORP, Mr Given provided financial and advisory services to EZCORP through his own business and financial advisory firm.

Mr Given is a member of Board of Directors of The Farm Journal Corporation, a 134 year old pre-eminent US agricultural media company; and the leading Australian financial services ratings and research firm CANSTAR Pty Ltd.

Mr Given began his career working in the investment banking and equity capital markets division of Merrill Lynch in Hong Kong and Sydney, Australia, where he specialised in the origination and execution of a variety of M&A, equity and equity linked and fixed income transactions.

Mr Given graduated from the Queensland University of Technology with a Bachelor of Business majoring in banking and finance (with distinction).

Kenneth J. Gillespie AC DSC CSM - Non-Executive Director

Mr Ken Gillespie is a retired senior military officer who has conducted a successful commercial career in the decade since his retirement from the Army. His Army career saw him rise to the rank of Lieutenant General and command of the Australian Army. He has a track record of success in high-order strategic planning, strategic engagement and strategy implementation. He is a Companion in the Military Division of the Order of Australia and carries prestigious awards from the United States of America and the Republic of Singapore.

Mr Gillespie currently serves on government, public company and not-for-profit sector organisations' boards. He was until recently the Chair of the Australian Strategic Policy Institute Council and is a board member of Skytraders Pty Ltd and VeryNext Pty Ltd. He is also a co-owner and board member of the consultancy company, Three Stables Pty Ltd. He is also a board member of Aerospace Maritime and Defence Australia where he is the convenor of the very large Land Forces series of expositions across Australia.

Mr Gillespie is a successful corporate speaker and a strong supporter of ex-service organisations, particularly Sydney Legacy. He is an ambassador for national bowel and prostate cancer organisations.

Lawrence D. Hansen - Non-Executive Director

Mr Lawrence Hansen has had a successful career in leading international IT and data security organisations. He has a strong international M&A and business integration background, having directed world-wide teams since 2005.

Mr Hansen is Chair of Trackunit, the leading operating platform connecting people, machines and processes in construction to eliminate downtime.

Mr Hansen currently sits on the board of Acre, a global leader in Access Control systems. He also chairs their Board Technology Committee.

Mr Hansen is also Chair of WaveLynx, a leader in access readers and credential solutions.

Mr Hansen spent over 6 years as an Operating Executive for Marlin Operations Group, Inc. Mr Hansen joined Marlin in September 2015 and retired on 31 December 2021. Prior to joining Marlin, Mr Hansen was VP and general manager of Dell Software Group employing 3,000 staff in sales, marketing, channels and services, and oversaw its go to market strategy. Previously, Mr Hansen was President and CEO of SafeNet Inc. At SafeNet, he led a significant recapitalisation of the company that saw strong growth in revenues and profits before its successful sale to Gemalto NV. Gemalto NV has since been acquired by Thales and is Senetas' global distribution partner.

Mr Hansen's deep knowledge of Senetas' existing and potential global customer base, sales function, product development and innovation program makes him an extremely valuable addition to the Senetas board. Mr Hansen also brings his wealth of global experience in services, products, marketing and business planning.

Mr Hansen also held the role of president and CEO of Numara Software, a $100 million business, where he oversaw the company's successful sale and integration into BMC Software.

From 2002 to 2011, Mr Hansen held several executive positions with CA Technologies including CIO, GM, Security and GM, Enterprise Products and Solutions.

Mr Hansen, a Canadian born US citizen, resides in Naples, Florida.

Philip Schofield BEc - Non-Executive Director

Appointed to the Senetas board in December 2017, Mr Philip Schofield is Managing Director at Pengana Capital Group. Pengana is listed on the Australian Stock Exchange and is a large Australian fund manager.

Mr Schofield has over 30 years of international experience in the banking and finance sectors, including senior management and director roles. These positions include major investment banking groups Canaccord, Goldman Sachs and Citi Group.

Mr Schofield's experience in capital markets around the world's financial centres include his working in London, New York, Melbourne and Sydney. He obtained a Bachelor of Economics degree from Monash University, Melbourne.

As Senetas reviews and implements the Group's capital management and market facing strategies, Mr Schofield's expertise provides local and international perspectives.

DIRECTORS' REPORT

Company Secretary

Brendan Case MCom Law, BEc, CPA

Mr Brendan Case has more than 20 years of company secretarial, corporate governance and finance experience. He is a former Associate Company Secretary of National Australia Bank Limited (NAB), former secretary of NAB's Audit and Risk Committees and has held senior management roles in risk management and regulatory affairs.

Mr Case worked for the NAB for almost 15 years and prior to joining NAB, he worked at UniSuper Limited for 8 years. He is a Chartered Secretary with a Masters of Commercial Law from the University of Melbourne and has degrees in both economics and finance.

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.

CORPORATE STRUCTURE

Senetas has a direct controlling interest in each of the entities listed in Note 25. No other entities are included in the consolidated entity.

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.

EMPLOYEES

The consolidated group employed 77 employees as at 30 June 2024 (2023: 83 employees).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs.

OPERATING & FINANCIAL REVIEW

FY2024 Financial Highlights:

Full year ended 30 June 2024 ($000's)	FY2024	FY2023
Revenue from ordinary activities	31,247	29,347
Gross profit	27,020	23,990
Other income	182	437
Profit (loss) before tax	(13,453)	(14,173)
Tax benefit/(expense)	53	(15)
Net profit (loss) after tax	(13,400)	(14,187)
Net profit (loss) after tax attributable to members	(6,107)	(7,314)

The following table shows a reconciliation of reported Net profit (loss) After Tax to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) by operating segment.

Year ended 30 June 2024	Senetas $'000	Votiro $'000	Total $'000
Reported Net profit (loss) after tax	**3,181**	**(16,581)**	**(13,400)**
Tax expense/(benefit)	465	(518)	(53)
Net interest expense / (income)	(871)	951	79
Depreciation and Amortisation	594	2,525	3,119
EBITDA	**3,368**	**(13,623)**	**(10,254)**

Year ended 30 June 2023	Senetas $'000	Votiro $'000	Total $'000
Reported Net profit (loss) after tax	**3,175**	**(17,362)**	**(14,187)**
Tax benefit/(expense)	545	(530)	15
Net interest expense / (income)	(572)	532	(40)
Depreciation and Amortisation	732	2,455	3,187
EBITDA	**3,880**	**(14,905)**	**(11,025)**

- Group operating revenue up 6.5% to $31.2 million (FY2023: $29.3 million)
  - Senetas segment reported revenue of $21.6 million was in line with the prior period (FY2023: $21.6 million)
  - Votiro segment revenue was up 25% to $9.7 million (FY2023: $7.7 million)
- Senetas segment revenue adjusted for Variable Consideration was up 6.8% to $21.6 million
- Gross margin for the Group was 90% - up from 81% in the prior period
  - Senetas segment gross margin was up 6 percentage points to 84%
  - Votiro segment gross margins were 92% - in line with the prior period
- Senetas segment EBITDA was $3.4 million
- Operating profit before tax for the Senetas operating segment adjusted for Variable Consideration was up 63%

DIRECTORS' REPORT

- The Group net loss after tax of $13.4 million for FY2024 includes a $16.6 million operating loss after tax for Votiro
  - $7.3 million of the Votiro loss is attributable to minority interests
  - Votiro's loss before tax includes non-cash items such as share based payments expense and amortisation totaling $3.5 million
- Votiro annual recurring revenue (ARR) was US$10.4 million - up 49% from August 2023.
- The Group net loss after tax attributable to members was $6.1 million
- The Group net loss attributable to members after adjusting for non-cash items was $3.4 million.
- Cash on hand at 30 June 2024 was $9.4 million.

FY2024 has seen good growth in underlying performance across both the Senetas and Votiro businesses.

Following an extended period of industry disruption as a result of the global electronic component shortages, Senetas has experienced a year of exceptional growth in sales as customers returned to more normal ordering patterns, and Senetas expended its presence in the Middle East market. We expect that over time there will be further upside in sales to existing and new Middle East customers.

Customer sales of Senetas's hardware encryption devices by our global distribution partner, Thales, were up over 100% during the year, and the number of hardware units sold was up almost 50%.

Whilst the impact of that sales growth on our reported results for FY2024 were complicated by the application of the AASB15's Variable Consideration, the underlying performance of the business was very pleasing.

After adjusting for Variable Consideration, Senetas's FY2024 revenue was up 6.8% over FY2023, and its profit before tax was up 63%. Gross margin was also up 6 percentage points to 84%, and Senetas operating cash inflow was up over 300% to $5.9 million.

Votiro continued to build on its growth momentum in FY2024 with revenue up 25%, ARR was up 49% since last August, and good progress is being made towards our target of cash flow break-even by the end of the 2024 calendar year.

Votiro ARR was US$10.4 million with growth in all markets, but particularly in the Asia Pacific region which remains Votiro's largest. Total contract value grew 52% during the year to US$33.3 million and Votiro's total sales pipeline is now over US$35 million.

Importantly, Votiro's sales momentum continues to accelerate, with over 70 new customers and upsell deals signed since the beginning of the 2023 calendar year, including 30 deals that have already been signed in the 2024 calendar year to date.

A very important development for Votiro during FY2024 has been the launch of its new data detection and response (DDR) capability which was launched during the second half of the financial year. The new capability provides a unified content security platform that brings together threat prevention, data security, and privacy controls in a zero-trust solution and will play a key role in accelerating Votiro's market penetration, particularly in North America.

Already Votiro has built a DDR sale pipeline of US$3.5 million in North America and the first product sale was completed in July 2024.

DIRECTORS' REPORT

Senetas Operational review

Senetas segment reported revenue in FY2024 was similar to the prior period, with strong growth in customer sales of Senetas products and services by Thales being offset by lower inventory transfers and a negative adjustment to Variable Consideration when compared to the FY2023 year.

Revenue from sales by Thales was up over 100%, with one of the key components being Senetas's largest ever single sales transaction to a customer in the Middle East. The Middle East transaction was completed and announced to ASX in May 2024.

The Middle East transaction added over $2 million to Senetas's FY2024 revenue and the related maintenance contract will contribute an additional $1.4 million over the next 3 years.

The number of Senetas hardware encryptor units sold by Thales to customers in FY2024 was up 48%.

Senetas segment gross profit was up 7.2% to $18.1 million and gross margin increased 6 percentage points to 84%. Materials and support services expense was 21% lower in FY2024, primarily as a result of lower inventory shipments to Thales during the period.

Senetas segment reported profit before tax was similar to the prior period at $3.6 million, and the profit before tax after adjusting for Variable Consideration increased by 63% driven by significantly higher sales to end customers completed during the year.

Some increases in operating expenses offset the higher gross profit with the key driver of higher costs being increased costs to renew security certifications that are required continue selling encryptors to North American government agencies.

With the global component shortages now having eased, Senetas's inventory holdings have begun to reduce, and Thales inventory levels have stabilised. We expect both Thales and Senetas inventory levels will return towards more historic level over the next 12-24 months

The Senetas sales pipeline grew significantly through the 2023 calendar year but moderated somewhat during the second half of FY2024 as some larger sales transactions were completed. Good momentum in sales pipeline growth returned in the June 2024 quarter providing solid momentum into the early part of FY2025.

Core R&D projects in FY2024 included upgrades to Senetas's 10Gbps encryptors, a new version of the 100Gbps encryptor and re-certification required in North America.

SureDrop, Senetas's encrypted file-sharing and collaboration platform, grew revenue over 70% during the year but remains only a small part of the Company's revenue sources. Senetas expects revenue will continue to grow in FY2025 off a small base.

Votiro Operational review

Votiro operating revenue was up 25% to $9.7 million driven primarily by new contracts won in the Asia Pacific region. The Asia Pacific region remains the largest contributor to Votiro's revenue and ARR.

Votiro's ARR was US$10.4 million which was up 49% from August 2023. There was revenue growth in all of Votiro's operating regions. Votiro's total contract value was US$33.3 million, up over 50% since August 2023, and the total sales pipeline was over US$35 million.

Since the commencement of the 2023 calendar year Votiro has signed over 70 new customers and 'upsell' deals, with 30 of them in the 2024 calendar year to date. These deals have ranged in size from the low US$10's of thousands to others in excess of US$1 million.

Votiro's FY2024 loss after tax was $16.6 million (FY2023: $17.4 million) which included including $3.5 million of non-cash items. $7.3 million of Votiro's after tax loss is attributable to the minority interests in Votiro.

Votiro continues to target cash flow breakeven by the end of the 2024 calendar year.

Good growth in Votiro's sales pipeline, ARR, revenue and cash flow have been achieved through FY2024, however, transaction lead times remain longer than expected, particularly on some of the larger scale transactions. Delays with customer project, extended procurement processes and customer budget availability are ongoing features in closing some deals. Despite the delays, Votiro is not losing any deals due to these issues. It continues to win consistently in technology trials against its competitors, and is confident of strong growth into FY2025

The overall customer renewal rate for the business remained at > 90%. However, excluding the impact from Votiro discontinuing support for some low margin end of life products in the Japan market, the customer renewal rate was > 95%.

Data Detection and Response

Votiro's new data detection and response (DDR) capability was launched in the second half of FY2024. This represents a major new opportunity for Votiro, particularly for the North American market where demand for this broader security capability is greatest. Whilst DDR sales are only at the early stage, customer feedback to date has been very positive, a number of proof of concept trials are underway and US$3.5 million of sales pipeline had been built by July 2024. The first completed transaction was finalised in July 2024.

The new capability provides a unified content security platform to provide Data Detection & Response (DDR), combining real-time cybersecurity for data privacy and threat protection.

Votiro DDR is the first in the industry to bring together threat prevention, data security, and privacy controls in a Zero Trust DDR solution, and will play a key role in accelerating Votiro's penetration of the cybersecurity market.

Balance sheet and cash flow

Consolidated net assets at 30 June 2024 were negative $1.6 million with cash on hand of $9.4 million. The lower net assets at 30 June 2024 reflect the consolidation of the current period loss from Votiro, partly offset by the Senetas segment profit and the capital raised by Senetas in December 2023.

The cash on hand at 30 June 2024 reflects the impact of the Senetas capital raising and Senetas segment cash inflows, offset by the Votiro losses. Senetas operating cash inflows for FY2024 were $5.9 million and Votiro cash outflows for the period were $12.4 million.

Consolidated group receipts from customers were similar to the prior period and in line with consolidated group revenue.

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 end of the 2024 calendar year, it has continued to require the financial support of its shareholders until it reaches that point.

Outlook

A strong rebound in sales of Senetas products in FY2024, and good sales pipeline growth in the June quarter provides solid momentum into FY2025.

A more significant reduction in Thales inventory of Senetas is likely in FY2025 as both Senetas and Thales inventory levels return towards more historic levels over the next 12-24 months. Those adjustments will likely lead to lower inventory transfers to Thales and therefore a negative impact from Variable Consideration in FY2025.

Overall, we expect customer sales of Senetas products in FY2025 to be maintained at a similar level to FY2024 after adjusting for the impacts of Variable Consideration.

However, there are some larger scale sales opportunities in the Middle East that may provide upside to FY2025 revenue, but at this stage those opportunities remain uncertain and have long lead times so may not fall in FY2025. We have, however, just received our largest order by volume from our global distributor Thales for a new North African Government customer, which we expect to ship in the coming weeks.

Votiro’s growth momentum expected to continue in FY2025. The Votiro sales pipeline continues to grow and the new DDR product has already made a significant contribution to that pipeline in its first few months. The early market feedback suggests that DDR has the potential to significantly enhance sales growth opportunities in North American market.

In the near to medium term we expect the Asia Pacific region will remain the largest market for Votiro, and most of the largest opportunities in the near term are there.

Significantly, we continue to target cash flow breakeven for Votiro by the end of calendar year 2024, thereby limiting the ongoing financial support required from its shareholders

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There are no significant events after reporting date.

SHARE OPTIONS

Unissued Shares

As at the date of this report there were 39,812,500 unissued ordinary shares under performance rights and options. Refer to the remuneration report for executive performance rights and options and Note 27 for full details of the performance rights and options outstanding at the balance sheet date.

Performance rights and option holders do not have any right, by virtue of the performance right or option, to participate in any share issue of the Company or any related body corporate.

Shares Issued as a Result of the Exercise of Performance Rights

During the year no ordinary shares were issued to employees on the exercise of performance rights. Refer Note 27 to the financial statements for further details.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Senetas has Director's & Officer's Liability Insurance covering the directors and officers against liability in addition to Employment Practices Insurance. The terms of the insurance and the insurer are subject to a confidentiality clause and are therefore not disclosed.

The Group also indemnifies all directors, the chief executive officer and the company secretary for any liability incurred by the officer as officers of the Group to the full extent permitted by law. In accordance with the Group's constitution in consideration of the officer agreeing to continue to act as an officer of the Group, the Group has agreed to:

- indemnify the officer against liabilities incurred while acting as an officer of the Group;
- provide the officer with insurance cover; and
- provide the officer access to Group documents which relate to the obligations of the officer contained in the Corporations Act for a period of 7 years.

The Group also has Professional Risk Insurance (including cover for cyber attack) and Public Liability Risk Insurance.

DIRECTORS' REPORT

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Audit Pty Ltd during or since the financial year.

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.

MEETINGS OF DIRECTORS

The following table summarises the number of meetings of directors and their attendance.

	Number of meetings	
	Held while a director	Attended
F. Galbally (Chair)	9	9
L. Given	9	9
K. Gillespie	9	8
L. Hansen	9	9
P. Schofield	9	9
A. Wilson	9	9

A total of nine (9) Directors' meetings were held during the year ended 30 June 2024.

The Company has an Audit and Risk Committee.
Members acting on the committee of the board during the year were:

	Number of meetings	
	Held while a director	Attended
L. Given (Chair)	2	2
F. Galbally	2	2
K. Gillespie	2	2

Mr A. Wilson attended two (2) Audit and Risk Committee meetings in the capacity of CEO.
A total of two (2) Audit and Risk Committee meetings were held during the year ended 30 June 2024.

The Company has a Remuneration and Nomination Committee.
Members acting on the committee of the board during the year were:

	Number of meetings	
	Held while a director	Attended
K. Gillespie (Chair)	1	Nil
F. Galbally	1	1
L. Hansen	1	1

A total of one (1) Remuneration and Nomination Committee meeting was held during the year ended 30 June 2024.

More information about the board and the sub-committees are set out in the 'Corporate Governance Statement' located on our website www.senetas.com.

REMUNERATION REPORT

The information provided in the Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

1 KMP Information

This remuneration report for the year ended 30 June 2024 outlines the remuneration arrangements in accordance with the requirements of the *Corporations Act 2001* for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO) and other senior executives of the Company and the Group.

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

Non-executive Directors (NEDs)

F. Galbally	Chairman
L. Given	Director
K. Gillespie	Director
L. Hansen	Director
P. Schofield	Director

Executive Directors

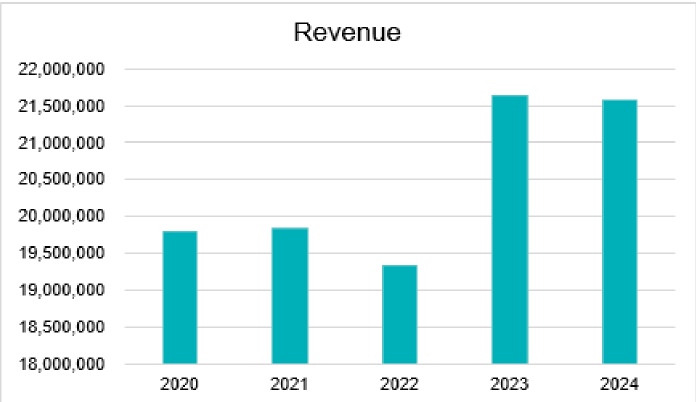
A. Wilson	Chief Executive Officer

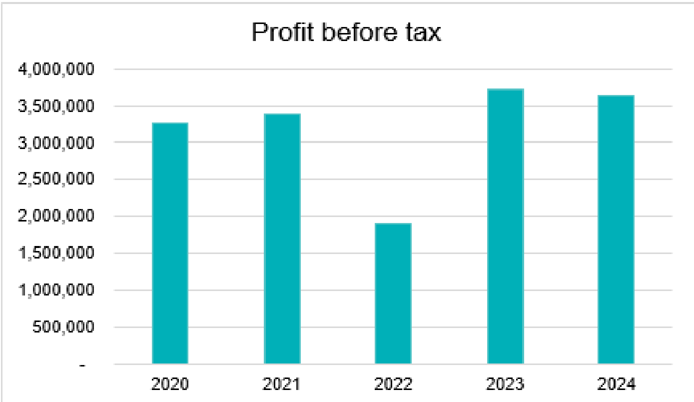
Other Key Management Personnel

L. Barker	Chief Financial Officer
J. Fay	Chief Technology Officer
J. Weston	Chief Architect

2 Five-year performance summary

The charts and table below provides a summary of the key financial results for the Senetas operating segment over the past five financial years, which influence the remuneration outcomes as provided in the following sections:





Performance measure	2024	2023	2022	2021	2020
Average number of ordinary shares for basic earnings per share	1,571,283,365	1,214,140,627	1,213,795,627	1,082,149,179	1,081,752,066
Earnings per share (cents)	(0.4354)	(0.6025)	(0.5357)	(0.3427)	(0.0010)
Net tangible assets per share (cents per share)	(0.86)	(0.51)	(0.13)	0.10	0.25
Closing share price	$0.03	$0.03	$0.03	$0.05	$0.05

Table 1: Performance metrics

3 Executive KMP Remuneration

(a) Remuneration and incentive principles

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- link executive rewards to shareholder value;
- have a significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks;
- establish appropriate and stretched performance hurdles in relation to 'at risk' executive remuneration; and
- strongly encourage directors to invest a portion of their fees to acquire shares in the Company at market price during designated trading windows.

Objective

The Company aims to reward executives, including the CEO, with a level and mix of remuneration commensurate with their position and responsibilities within the Company that:

- align the interests of executives and shareholders;
- links executive rewards with the strategic goals and performance of the Company; and
- ensures total remuneration for executives is competitive by market standards.

Structure

In determining the level and make-up of the CEO's remuneration, the Remuneration and Nomination Committee considers advice from external consultants as well as market survey information on remuneration for comparable roles.

In determining the level and make-up of the remuneration for executives other than the CEO, the CEO considers advice from external consultants as well as remuneration paid to executives from comparable companies using market based surveys.

It is the policy of the Remuneration and Nomination Committee that employment contracts are entered into with all executives. These are similar to those for all employees except for the contract entered into with the CEO. Details of these contracts are provided on page 17 of this report.

Executive remuneration consists of the following key elements:

Fixed Remuneration

Variable Remuneration

- Short Term Incentives (STI); and
- Long Term Incentives (LTI).

The mix between fixed and variable remuneration is established for the executive by the Remuneration and Nomination Committee. Pages 13 to 17 of this report details the fixed and variable components of the executive remuneration.

Fixed Remuneration

Objective

Fixed remuneration is set at a level which is both appropriate to the position and competitive in the market.

Fixed remuneration of the CEO is reviewed annually by the Remuneration and Nomination Committee, and by the CEO for other executives, having regard to company-wide and individual performance, relevant comparative remuneration in the market and internally, and where appropriate, external advice on policies and practices. As noted above, the Remuneration and Nomination Committee has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component for KMP is detailed on pages 13 and 15 of this report.

(b) How performance is linked to Short Term Incentives variable reward outcomes

Objective

The Group operates an annual STI program that is available to executives and awards a cash bonus subject to the attainment of clearly defined Group performance measures.

Payments made are usually delivered as a cash bonus.

The aggregate of annual STI payments available for the CEO is subject to the approval of the Remuneration and Nomination Committee.

Structure

Actual STI payments awarded to each executive depend on the extent to which specific set operating targets during the financial year are met. The operational targets may consist of a number of financial and non-financial measures, typically including measures such as contribution to profit before tax, customer service, risk management, product management, and leadership/team contribution.

For the 2024 financial year the target was based on a combination of the contribution to profit before tax and other key drivers for the short and long term success of the business. These drivers include project completion for new products, team leadership and customer relationship management.

On an annual basis the Remuneration and Nomination Committee reviews and determines the amount of the STI paid to the CEO. The following factors are taken into account during the committee's review: overall remuneration, overall performance of the Group and the individual performance of the CEO.

For executives other than the CEO, annual STI payments are determined by consideration of the overall performance rating for the Group and the individual performance of individual executives, as approved by the CEO.

The variable remuneration component for key management personnel is detailed on pages 14 to 17 of this report.

Current year performance and STI remuneration

The Remuneration and Nomination Committee (for the CEO) and the CEO (for the other executives) considered the STI payment for the 2024 year in July 2024. The STI payable for the 2024 financial year to the CEO and executives was $250,000. The minimum payable to each executive including the CEO is $0. These payments, when made, are allocated as a proportion of the total bonus funds available for all employees.

There have been no alterations to the STI bonus plans since their grant date.

(c) How performance is linked to Long Term Incentives outcomes

Objective

The objective of the LTI plan is to reward executives for their contribution to shareholder wealth creation by linking rewards to improvements in the financial performance of the Company and aligning interests with shareholders.

Structure

LTI grants are delivered in the form of options, shares or performance rights. These securities are defined below:

- An ordinary share (share) is a share of stock giving the stockholder the right to vote on matters of corporate policy and the composition of the members of the board of directors.
- A call option (option) is a financial instrument that gives its owner the right, but not the obligation, to purchase a Share at a price set at the date of grant (the exercise price).
- A Performance Right is a grant of actual shares of stock, the receipt of which is contingent on a tenure condition.

Performance Hurdles and Conditions

Both options and performance rights are subject to a tenure condition and the financial performance of the Company. The tenure conditions vary between 12 to 36 months; the time period selected by the Board at the time of the grant.

The performance rights fully vest on meeting the tenure condition.

The options are subject to both a tenure hurdle and an exercise price - the exercise price exceeds the current share price thus tying rewards to improved financial performance and shareholder wealth.

Hurdles and conditions were elected by the Board and are reviewed and revised periodically.

Maximum LTI payable to each executive including the CEO is 100% of the options and performance rights outstanding at 30 June 2024. The minimum payable is nil. Refer tables 4 and 5 for details of outstanding performance rights and options.

(d) Executive KMP Remuneration

Details of the nature and amount of each element of the total remuneration of each member of the KMP for the years ended 30 June 2024 and 2023 are set out in the following table:

		Short term benefits				Post employ-ment	Long term benefits	Share-based payments		
Executive		**Salary & fees**	**STI[1]**	**Other[3]**	**Total Short term benefits**	**Super contribution**	**Long service leave[2]**	**Amortisation expense[4]**	**Total**	**Performance related[5]**
A. Wilson[6]	**2024**	**588,110**	**100,000**	**1,500**	**689,610**	**27,399**	**21,600**	**44,389**	**782,997**	**5.67%**
	2023	491,950	-	-	491,950	25,292	7,921	35,268	560,431	6.29%
L. Barker	**2024**	**272,601**	**50,000**	**-**	**322,601**	**27,399**	**6,686**	**11,056**	**367,742**	**3.01%**
	2023	236,432	-	-	236,432	24,825	3,941	11,025	276,224	**3.99%**
J. Fay	**2024**	**328,601**	**50,000**	**-**	**378,601**	**27,399**	**- 182**	**11,056**	**416,874**	**2.65%**
	2023	306,240	-	-	306,240	25,292	5,040	11,025	347,598	3.17%
J. Weston	**2024**	**328,601**	**50,000**	**-**	**378,601**	**27,399**	**10,893**	**11,056**	**427,948**	**2.58%**
	2023	306,240	-	-	306,240	25,292	- 2,007	11,025	340,550	3.24%
Total 2024		**1,517,913**	**250,000**	**1,500**	**1,769,413**	**109,595**	**38,997**	**77,556**	**1,995,561**	
Total 2023		**1,104,430**	**-**	**-**	**1,104,430**	**75,876**	**10,953**	**57,318**	**1,248,577**	

Table 2: Executive KMP statutory remuneration 2022-2023

1 Cash bonus payments reward attainment of specific key performance indicators (KPI's) set for individual executives. Cash bonuses are paid in August each year for KPI's met in the financial period ending in the June of that year. The maximum payable for the CEO and executives was $250,000. As these KPI's were met in FY24, a cash bonus was paid to each executive.

2 Comprises Long Service Leave accrued during the year.

3 Includes staff amenities, commissions and the cost to the business of any non-cash business benefits provided inclusive of fringe benefits tax (FBT). Executive's partners may travel once a year at company expense.

4 Relates to the amortisation booked during the year in relation to the fair value of the long term incentive plans. The share based payments in the form of options or performance rights will only vest when tenure conditions are met.

5 Calculated as STI plus amortisation of share based payments, as a proportion of total remuneration. These two elements represent the at-risk and discretionary amount payable which will vary depending on the financial performance of the Company. They are in addition to the fixed remuneration.

6 Mr Wilson's salary & fees for FY23 comprises his fixed remuneration of $496,601 as Chief Executive Officer of Senetas Corporation Limited and $91,508 for serving as a non-executive Director on the Board of Votiro Cybersec Global Pty Ltd.

Short term incentives

KPI targets were achieved so STI payments were made in 2024. No STI payments were made in 2023.

Share-based payments awarded, vested and forfeited during the year

The options/ performance rights, issued for nil consideration, are issued in accordance with performance guidelines established by the Directors of the Company. Each option/ performance right carries an entitlement to one fully paid ordinary share in Senetas Corporation Limited.

The following table disclosed the number of options / performance rights granted, vested, exercised or forfeited as remuneration:

Executive	Year	Number awarded	Award date	Fair value at award date $	Exercise price $	Vesting date	Expiry date	Total vested	Total forfeited / lapsed	Value of options granted during the year $	Value of options exercised during the year $
A. Wilson	2024	2,666,667	30 Nov 23	0.005	0.014	29/11/24	29 Nov 31	-	-	-	-
	2024	2,666,667	30 Nov 23	0.005	0.014	29/11/25	29 Nov 32	-	-	-	-
	2024	2,666,667	30 Nov 23	0.005	0.014	29/11/26	29 Nov 33	-	-	-	-
	2022	4,000,000	19 Nov 21	0.020	0.057	29 Nov 24	29 Nov 31	-	-	-	-
	2021	2,000,000	20 Nov 20	0.012	0.074	20 Nov 23	20 Nov 30	2,000,000	-	-	-
	2020	2,000,000	22 Nov 19	0.013	0.093	22 Nov 22	29 Nov 29	2,000,000	-	-	-
	2019	2,000,000	29 Nov 18	0.018	0.120	29 Nov 20	29 Nov 28	2,000,000	-	-	-
	2018	2,000,000	27 Nov 17	0.039	0.100	27 Nov 19	29 Nov 27	2,000,000	-	-	-
L. Barker	2022	2,000,000	1 Dec 21	0.017	0.057	30 Nov 24	30 Nov 29	-	-	-	-
J. Fay	2022	2,000,000	1 Dec 21	0.017	0.057	30 Nov 24	30 Nov 29	-	-	-	-
	2018	500,000	15 May 18	0.028	0.115	27 Nov 19	29 Nov 27	500,000	-	-	-
J. Weston	2022	2,000,000	1 Dec 21	0.017	0.057	30 Nov 24	30 Nov 29	-	-	-	-
	2018	500,000	15 May 18	0.028	0.115	27 Nov 19	29 Nov 27	500,000	-	-	-
		27,000,000						**9,000,000**	**-**	**-**	**-**

Table 3: Options / performance rights awarded, vested and lapsed during the year

(d) Executive KMP Remuneration (continued)

Performance rights holdings of key management personnel as at 30 June 2024

No KMP hold any performance rights at 30 June 2024.

Options holdings of key management personnel as at 30 June 2024

The following table discloses a summary of options granted under the LTI plans.

Executive	Opening balance 1 July 2023	Options granted	Options vested and exercised	Options lapsed	Closing balance 30 June 2024	Vested and exercisable at 30 June 2024	Vested and not exercisable at 30 June 2024
A. Wilson	12,000,000	8,000,000	-	-	20,000,000	8,000,000	-
L. Barker	2,000,000	-	-	-	2,000,000	-	-
J. Fay	2,500,000	-	-	-	2,500,000	500,000	-
J. Weston	2,500,000	-	-	-	2,500,000	500,000	-
	19,000,000	**8,000,000**	**-**	**-**	**27,000,000**	**9,000,000**	**-**

Table 5: Options holdings at year end

Approval for the issue of 8,000,000 options to the CEO, Mr Wilson, was obtained under listing rule 10.14 at the Annual General Meeting held on 30 November 2023. The options are subject to a service condition which will run for three years from 30 November 2023 to 29 November 2029. A third of the options will vest after 12 months of continued service. A further third will vest after 24 months of continued service and the final third will vest after 36 months of continued service by Mr Wilson. The exercise price for these options upon vesting is $0.0135. Each option granted entitles Mr Wilson to one fully paid ordinary share in the company, subject to satisfaction of the vesting conditions, and payment of the exercise price.

Shareholdings of key management personnel as at 30 June 2024

The number of ordinary shares in Senetas Corporation held during the financial year by each KMP, including details of shares granted as remuneration during the current financial year and ordinary shares provided as the result of the vesting of options or rights during the current financial year, are included in the table below.

Executive	Opening balance 1 July 2023	Granted as remunerat-ion	Exercised	Shares bought / (sold)	Closing balance 30 June 2024
A. Wilson	1,312,500	-	-	270,062	1,582,562
L. Barker	-	-	-	-	-
J. Fay	482,725	-	-	-	482,725
J. Weston	1,985,412	-	-	-	1,985,412
	3,780,637	**-**	**-**	**270,062**	**4,050,699**

Table 6: Share holdings at year end

Loans, other transactions and balances with KMP and their related parties

For the years ended 30 June 2023 and 30 June 2024, there have been no other loans or transactions including purchases, sales or investments to KMP and their related parties.

(e) Executive KMPs' service arrangements

Employment agreements are entered into with all executives. These agreements are similar to the employment agreements used for all staff.

Chief Executive Officer - Mr A. Wilson

Under the CEO's contract:

Mr Wilson receives fixed remuneration of $496,601 per annum including superannuation of $27,399 and he is eligible to receive short term incentives based on a combination of the contribution to profit before tax and other key drivers for the short and long term success of the business.

Mr Wilson has a rolling contract and may resign from his position and thus terminate his contract by giving six months written notice. The Company may terminate Mr Wilson's employment agreement with six months written notice or payment in lieu of notice (based on the fixed component of Mr Wilson's remuneration). On resignation by Mr Wilson, any unvested LTI options will be forfeited within one month of the resignation date. On termination or notice by the Company, any LTI options that have vested, or will vest during the notice period will be released. LTI options that have not yet vested will be forfeited within twelve months of the termination date. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the CEO is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

Chief Technology Officer (CTO) - Mr J. Fay, Chief Architect (CA) - Mr J. Weston, Chief Financial Officer (CFO) - Ms L. Barker

Under the CTO, CA and CFO's contracts:

Mr Fay and Mr Weston receive fixed remuneration of $356,000 each per annum including superannuation of $27,399 and are eligible to receive short term incentives based on a combination of the contribution of profit before tax and other key drivers for the short and long term success of the business.

Ms Barker receives fixed remuneration of $300,000 per annum including superannuation of $27,399 and is eligible to receive short term incentives based on a combination of the contribution of profit before tax and other key drivers for the short and long term success of the business.

Ms Barker, Mr Fay and Mr Weston have rolling contracts and may resign from their positions and thus terminate their contracts by giving three months written notice. The Company may terminate Ms Barker, Mr Fay and Mr Weston's employment agreement with three months written notice or payment in lieu of notice (based on the fixed component of Ms Barker, Mr Fay and Mr Weston's remuneration). On resignation by Ms Barker, Mr Fay or Mr Weston, any unvested LTI options will be forfeited within one month of the resignation date. On termination or notice by the Company, any LTI options that have vested, or will vest during the notice period will be released. LTI options that have not yet vested will be forfeited within twelve months of the termination date. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the CFO, CTO and CA are only entitled to that portion of remuneration which is fixed, and only up to the date of termination.

4 Non-Executive Directors' Remuneration

(a) Remuneration principles

Objectives

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 30 November 2023 when shareholders approved an aggregate remuneration of $1,250,000 per year. The combined payment to all non-executive directors does not exceed this aggregate amount.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. No consultants were used for the remuneration review for the 2024 financial year.

Each director receives a fee for being a director of the Company.

Non-executive directors are encouraged by the Board to hold shares in the Company (purchased by the director on market during designated trading windows). It is considered good governance for Directors to have an investment in the Company on whose Board he or she sits. The non-executive directors of the Company can participate in the Employee Share Incentive Plan which provides incentives where specified criteria are met.

With the exception of the Chair, there has not been an increase in director remuneration during the 2024 financial year.

(b) Non-Executive Directors' Remuneration

The remuneration of directors for the years ended 30 June 2024 and 30 June 2023 is outlined in the table below:

Non-Executive Director		Short term benefits Salary & fees	STI[1]	Other[2]	Total
F. Galbally[3]	**2024**	**439,508**	**59,288**	**71,902**	**570,698**
	2023	377,935	-	43,617	350,636
L. Given[4]	**2024**	**115,000**	**-**	**-**	**115,000**
	2023	115,000	-	-	115,000
K. Gillespie[5]	**2024**	**115,000**	**-**	**-**	**115,000**
	2023	115,000	-	-	115,000
L. Hansen[6]	**2024**	**115,000**	**-**	**-**	**115,000**
	2023	115,000	-	-	115,000
P. Schofield[7]	**2024**	**115,000**	**-**	**-**	**115,000**
	2023	115,000	-	-	115,000
Total 2024		**899,508**	**59,288**	**71,902**	**1,030,698**
Total 2023		**837,935**	**-**	**43,617**	**810,636**

Table 7: Non-Executive Directors' remuneration

1 Non-executive Directors may be eligible for a cash bonus in exceptional circumstances as determined by the Board. Mr Galbally was paid a retention bonus of $190,000 which is repayable on a pro-rata basis should he cease his appointment as a non-executive director of Senetas.

2 Director's partners travel costs incurred as a company expense.

3 Mr Galbally's salary & fees for FY24 comprises $348,000 as the Chair of the Senetas Corporation Limited Board and $91,508 for serving as a non-executive Director on the Board of Votiro Cybersec Global Pty Ltd. Mr Galbally's director fees are invoiced by and paid to Southbank Capital Pty Ltd.

4 Mr Given's director fees are paid to LPG Group LLC.

5 Mr Gillespie's director fees are invoiced and paid to Sector West Pty Ltd.

6 Mr Hansen's director fees are paid to Carikster Advisors, LLC.

7 Mr Schofield's director fees are paid to Cadigal Advisors Pty Ltd.

(c) Shareholdings of Non-Executive Directors' as at 30 June 2024

Non-Executive Director	Opening balance 1 July 2023	Net change other[1]	Closing balance 30 June 2024
F. Galbally	141,005,000	51,628,429	192,633,429
L. Given	-	-	-
K. Gillespie	199,402	3,571,429	3,770,831
L. Hansen	-	7,142,857	7,142,857
P. Schofield	657,855	135,361	793,216
	141,862,257	**62,478,076**	**266,818,409**

Table 8: Non-Executive Directors' shareholdings

1 On market transactions

5 Governance

(a) Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises three non-executive directors - two independent directors and one non-independent director.

The Remuneration and Nomination Committee of the Board of directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and CEO. The Remuneration and Nomination Committee has delegated decision making authority to the CEO for some matters related to the remuneration arrangements of KMP and other staff.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of directors and the CEO on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Remuneration and Nomination Committee did not use the services of a remuneration consultant during the year. The Remuneration and Nomination Committee meets regularly throughout the year. The CEO attends certain Remuneration and Nomination Committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

(b) Remuneration Policy

Remuneration policies are determined by the Board which makes specific recommendations of remuneration packages and other terms of employment for executive directors and non-executive directors.

Executive remuneration and other terms of employment are reviewed annually by the CEO with regard to performance. Remuneration packages include superannuation, performance related bonuses and an entitlement to participate in the Senetas Directors and Employees Share Option Plan. The Company has a securities dealing policy for directors, senior executives and employees.

(c) Securities trading policy

The Company has approved a *Policy for Dealing in Securities* aimed at ensuring that no director or employee of the Company makes use of his or her position or information acquired by being a director or employee to gain (directly or indirectly) an advantage for any person or to cause detriment to the Company.

The policy provides guidance on what share trading by directors or employees are deemed acceptable and those which are not. Such guidance includes identifying conduct that may constitute insider trading, how an employee or director can minimise the risk of insider trading, and the closed periods during which directors, officers and KMP (and parties related to them) are not permitted to trade in Senetas Corporation Limited shares.

The policy also details the steps for directors and employees to take when buying or selling shares in Senetas Corporation Limited which includes requiring any director or KMP buying or selling Senetas Corporation Limited's shares, or exercising any options, to first obtain approval from the Chair of the Board (for Directors) or from the Chief Executive Officer (for KMP and senior executives).

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, Grant Thornton Audit Pty Ltd.

Signed in accordance with a resolution of the directors.

Francis W. Galbally
Chair
Date: 26 September 2024

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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 audit of Senetas Corporation Limited for the year ended 30 June 2024, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 26 September 2024

Statement of Comprehensive Income
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	CONSOLIDATED 2024 $	2023 $
Revenue from contracts with customers	1	31,247,255	29,346,644
Revenue		**31,247,255**	**29,346,644**
Materials and support services expense		(4,227,029)	(5,356,534)
Other income	2	181,571	437,443
Employee benefits expense	3(a)	(23,601,922)	(22,037,607)
Depreciation and amortisation expense	3(b)	(3,119,148)	(3,187,215)
Administration expenses	3(c)	(9,579,946)	(9,830,484)
Professional fees	3(d)	(2,916,311)	(2,246,046)
Other expenses	3(e)	(1,176,450)	(1,211,746)
Finance costs	3(f)	(260,883)	(87,030)
Loss before income tax		**(13,452,863)**	**(14,172,575)**
Income tax (expense)/benefit	4	52,967	(14,831)
Loss after income tax		**(13,399,896)**	**(14,187,406)**
Other comprehensive income/(loss)			
Items that may be subsequently classified to profit or loss			
Exchange differences on translating foreign operations		16,616	712,140
Other comprehensive income/(loss) for the year		**16,616**	**712,140**
Total comprehensive (loss)/ income for the year, net of tax		**(13,383,280)**	**(13,475,266)**
(Loss)/profit for the period is attributable to:			
Owners of the parent		(6,107,232)	(7,313,585)
Non-controlling interest		(7,292,664)	(6,873,821)
		(13,399,896)	**(14,187,406)**
Total comprehensive (loss)/profit for the year is attributable to:			
Owners of the parent		(6,121,590)	(6,892,662)
Non-controlling interest		(7,261,690)	(6,582,604)
		(13,383,280)	**(13,475,266)**
Earnings per share			
Basic loss for the year attributable to ordinary equity holders of the Parent.	5	(0.435)	(0.602)
Diluted loss for the year attributable to ordinary equity holders of the Parent.	5	(0.435)	(0.602)

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

Statement of Financial Position

AS AT 30 JUNE 2024

	Notes	CONSOLIDATED 2024 $	2023 $
ASSETS			
Current assets			
Cash and cash equivalents	7	9,421,235	9,813,782
Trade receivables and contract assets	8	11,737,691	6,005,523
Inventories	11	4,307,556	5,321,537
Other assets	12	1,582,748	1,397,876
Current income tax receivable		-	153,819
Total current assets		**27,049,230**	**22,692,537**
Non-current assets			
Long-term cash deposit		91,667	91,667
Non-current prepayments		473,682	28,953
Deferred tax asset	4	-	-
Plant and equipment	14	539,808	733,647
Goodwill and intangible assets	15	5,294,634	7,790,336
Right-of-use asset	16	1,488,223	327,774
Total non-current assets		**7,888,014**	**8,972,377**
TOTAL ASSETS		**34,937,244**	**31,664,914**
LIABILITIES			
Current liabilities			
Trade and other payables	10	5,510,895	4,816,499
Current income tax payable		905,020	-
Contract liabilities	9	15,182,947	9,810,565
Interest-bearing liabilities	20	2,395,651	-
Lease liabilities	16	236,271	333,579
Provisions	17	1,822,603	1,681,404
Total current liabilities		**26,053,387**	**16,642,047**
Non-current liabilities			
Deferred tax liabilities	4	196,858	1,018,316
Provisions	17	100,474	66,667
Contract liabilities	9	8,920,420	7,559,312
Lease liabilities	16	1,261,543	56,416
Total non-current liabilities		**10,479,295**	**8,700,711**
TOTAL LIABILITIES		**36,532,682**	**25,342,758**
NET ASSETS		**(1,595,438)**	**6,322,156**
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	18	113,443,783	109,127,198
Accumulated losses		(109,773,425)	(103,666,193)
Employee benefits reserve	19	5,428,577	4,701,089
Other reserves	19	1,936,119	992,860
Foreign currency translation reserve	19	394,902	409,260
Equity attributable to owners of the parent		**11,429,956**	**11,564,214**
Non-controlling interests	24	(13,025,394)	(5,242,058)
TOTAL EQUITY		**(1,595,438)**	**6,322,156**

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	CONSOLIDATED 2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		32,080,706	32,288,266
Payments to suppliers and employees		(39,039,628)	(40,116,091)
Income tax refund / (paid)		290,347	286,865
Interest received		180,132	124,417
Net cash flows from operating activities	7	**(6,488,443)**	**(7,416,543)**
Cash flows used in investing activities			
Purchase of plant and equipment	14	(156,435)	(406,943)
Purchase of other intangibles	15	-	(28,336)
Payment of contingent consideration	23	-	(6,687)
Net cash flows used in investing activities		**(156,435)**	**(441,966)**
Cash flows used in financing activities			
Proceeds from issued capital		5,000,000	7,355,877
Transaction costs on issued capital		(683,415)	(416,321)
Proceeds from interest bearing loans		2,211,085	-
Payment of interest on lease liability	16	(19,968)	(35,553)
Payment of principal portion of lease liability	16	(333,578)	(304,395)
Net cash flows used in financing activities		**6,174,124**	**6,599,608**
Net (decrease)/increase in cash and cash equivalents		(470,754)	(1,258,901)
Net foreign exchange differences		78,207	380,877
Cash and cash equivalents at beginning of the year		9,813,782	10,691,806
Cash and cash equivalents at 30 June	7	**9,421,235**	**9,813,782**

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2024

	Attributable to equity holders of Senetas Corporation Limited					Owners of the parent	Non-controlling interest	Total equity
	Contributed equity	Accumulated (losses) / profits	Foreign currency translation reserve	Employee benefits reserve	Other reserves	Total		
CONSOLIDATED	$	$	$	$	$	$	$	$
At 1 July 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 year	-	(7,313,585)	-	-	-	(7,313,585)	(6,873,821)	(14,187,406)
Other comprehensive income	-	-	420,923	-	-	420,923	291,217	712,140
Total comprehensive income	**-**	**(7,313,585)**	**420,923**	**-**	**-**	**(6,892,662)**	**(6,582,604)**	**(13,475,266)**
Transactions with owners in their capacity as owners								
Proceeds from issued capital	-	-	-	-	-	-	7,328,166	7,328,166
Transaction costs	81,830	-	-	-	-	81,830	(416,321)	(334,491)
Acquisition of non-controlling interests	-	-	-	-	746,598	746,598	(746,598)	-
Options converted to shares	49,103	-	-	(49,103)	-	-	27,711	27,711
Share based payments expense	-	-	-	786,296	-	786,296	392,909	1,179,205
At 30 June 2023	**109,127,198**	**(103,666,193)**	**409,260**	**4,701,089**	**992,860**	**11,564,214**	**(5,242,058)**	**6,322,156**
	$	$	$	$		$	$	$
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 year	-	(6,107,232)	-	-	-	(6,107,232)	(7,292,664)	(13,399,896)
Other comprehensive income	-	-	(14,358)	-	-	(14,358)	30,974	16,616
Total Comprehensive Income	**-**	**(6,107,232)**	**(14,358)**	**-**	**-**	**(6,121,590)**	**(7,261,690)**	**(13,383,280)**
Transactions with owners in their capacity as owners								
Proceeds from issued capital	5,000,000	-	-	-	-	5,000,000		5,000,000
Transaction costs	(683,415)	-	-	-	-	(683,415)		(683,415)
Acquisition of non-controlling interests	-	-	-	-	943,259	943,259	(943,259)	-
Options converted to shares	-	-	-	-	-	-	-	-
Share based payments expense	-	-	-	727,488	-	727,488	421,614	1,149,102
At 30 June 2024	**113,443,783**	**(109,773,425)**	**394,902**	**5,428,577**	**1,936,119**	**11,429,956**	**(13,025,394)**	**(1,595,438)**

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

ABOUT THIS REPORT

This is the consolidated financial report of Senetas Corporation Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2024. The financial report was authorised for issue in accordance with a resolution of Directors on 26 September 2024.

It is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

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 financial report has also been prepared on an historical cost basis except for contingent consideration that has been measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar ($), unless otherwise stated, under the option available to the Company under *ASIC Corporations (Rounding in Financial / Director's Report) Instrument 2016/191* (Instrument 2016/191). The Company is an entity to which Instrument 2016/191 applies.

The financial report has been prepared on a going concern basis. At 30 June 2024, the Group had cash and cash equivalents of $9.4m.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concept of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The below describes significant accounting policies applicable to the Group's financial statements. Other specific significant accounting policies are described in respective notes to the financial statements.

(a) Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated group reported a net loss after tax for the financial year of $13,399,896 (30 June 2023: loss of $14,187,406), incurring negative operating cash flows of $6,488,443 (30 June 2023: $7,416,543) and the consolidated group's position as at 30 June 2024 was as follows:

- The consolidated group had cash and cash equivalents of $9,421,235 (30 June 2023: $9,813,782);

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Going concern (continued)

- The consolidated group had a net asset deficiency of $1,595,438, (30 June 2023: net assets of $6,322,156); which was largely attributable to contract liabilities of $24,103,368 (30 June 2023: $17,369,877). The Senetas segment had positive net assets of $41,471,213 (30 June 2023: $33,780,111).

During the financial report period the following events have taken place to support the going concern basis of preparation for the consolidated group:

- The consolidated group has attributable available cash on hand of $9,421,235 (30 June 2023: $9,813,782);
- The consolidated group earned $31,247,255 (30 June 2023: $29,346,644) in sales revenue during the financial year noting that the Votiro operating segment continued to build on its growth momentum with revenue up 25% to $9,671,798 (30 June 2023: $7,707,074) and made good progress towards the target of achieving cash flow breakeven by the end of the 2024 calendar year.
- Despite the consolidated group reporting a net loss before tax of $13,452,863 (30 June 2023: $14,172,576), the Senetas operating segment profit before tax was $3,646,191 (30 June 2023: $3,719,459) and their cash flows from operations was up over 300% to $5,868,940 (30 June 2023: $1,456,987). The Votiro operating segment loss before tax was $17,099,054 (30 June 2023: $17,892,035), which includes non-cash items of $3,483,708 (30 June 2023: $3,455,034).
- The consolidated group successfully completed a placement and entitlement offer in December 2023 and raised $5 million. The primary objectives of the capital raise were to support Senetas's investment in Votiro and for general working capital purposes.

The forecast cash flows for the consolidated group indicate that, based on the current cash on hand, the group is able to maintain a positive cash position beyond 12 months from August 2024.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Senetas Corporation Limited (the Company) and its subsidiaries as at 30 June each year (the Group). The Group controls a subsidiary, if and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost.

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. The parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation

The acquisition of subsidiaries is accounted for using the acquisition method of accounting, which involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed. The identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including any fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units. Where goodwill forms part of a CGU, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of, and the portion of the cash generating unit retained.

Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Senetas Corporation Limited has control. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

On the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Both the functional and presentation currency of Senetas Corporation Limited and its Australian subsidiaries is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.
As at the reporting date all foreign subsidiaries, with the exception of Senetas Europe and Votiro Cybersec Global Limited, are dormant. However any assets and liabilities of foreign subsidiaries are translated into the presentation currency of Senetas at the rate of exchange ruling at the reporting date and the income statements are translated at the weighted average exchange rates for the year.

Exchange differences resulting from the translation of foreign operations are recognised in equity.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit and loss.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value though other comprehensive income (FVTOCI), or fair value through profit and loss. This classification is made on the basis of the Group's business model for managing the financial assets and the cash flow characteristics of the financial assets.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The categories of financial assets which are most relevant to the group are:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost primarily comprises of cash and cash equivalents, trade receivables and other receivables.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit and loss, or financial assets mandatorily required to be measured at fair value.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments - initial recognition and subsequent measurement (continued)

Impairment of financial assets

Detailed disclosures relating to impairment of financial assets are to be found in:

Disclosures for significant assumptions - Note 20 and trade receivables including contract assets - Note 8.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives.

All financial liabilities are recognised initially at fair value and, in the case of lease liabilities and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit and loss and at amortised cost

The Group's financial liabilities are trade and other payables - carried at amortised cost and contingent consideration, classified as a financial liability at fair value through profit and loss. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Contingent consideration is held at fair value through profit and loss. It is assessed at each period end using a discounted cash flow analysis.

Subsequent measurement

Financial liabilities at fair value through profit and loss include liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Gains or losses on liabilities held for trading are recognised through profit and loss.

After initial recognition, financial liabilities at amortised cost are subsequently measured using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments - initial recognition and subsequent measurement (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

CHANGES IN ACCOUNTING POLICIES

During the year, the Group has not adopted any new accounting policies.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Information on significant estimates and judgements considered when applying the accounting policies can be found in the following notes:

Accounting estimates and judgements	Notes
Revenue	1
Taxation	4
Intangibles and useful lives	15
Impairment	15
Leases	16
Share based payment transactions	27

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	
	2024	**2023**
	$	**$**
Sale of goods	12,663,181	12,358,348
Product maintenance and subscription revenue	18,584,074	16,988,297
Total revenue from contracts with customers	**31,247,255**	**29,346,644**
Geographical markets		
Asia Pacific	10,334,208	9,339,252
United States	9,627,906	10,729,404
Africa	99,048	89,035
Europe	11,186,093	9,188,953
Total revenue from contracts with customers	**31,247,255**	**29,346,644**
Timing of revenue recognition		
Goods transferred at a point in time	12,663,181	12,358,347
Services transferred over time	18,584,074	16,988,297
Total revenue from contracts with customers	**31,247,255**	**29,346,644**

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	24,103,367	17,369,877
Provision of services	-	-
Total	**24,103,367**	**17,369,877**

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	15,182,947	9,810,565
Two (2) years from the reporting date	4,652,973	4,173,148
Three (3) years from the reporting date	2,389,163	2,650,365
Between four (4) and five (5) years	1,878,283	735,799
Total	**24,103,367**	**17,369,877**

1 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Contract balances

Set out below is the amount of revenue from contracts with customers recognised from:

	CONSOLIDATED	
	2024	2023
	$	$
Amounts included in contract liabilities at the beginning of the year	**9,810,565**	**9,699,575**

(c) Accounting policy

(i) *Revenues from contracts with customers*

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

The Group enters into sales transactions involving an outright sale to the customer, on a subscription basis or for the rending of services. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction.

When the Group enters into transactions involving its products and services, the total transaction price for a contract is allocated amounts the various performance obligations.

The Group may enter into a contract or multiple contracts with customers that may include multiple performance obligations. Where multiple contracts are entered into, the Group determines whether it is required to be measured with another pre-existing contract by determining whether the performance obligations promised are being sold at their stand-alone selling price. Where pricing is equal to stand-alone selling price, the contract is treated as a stand-alone contract. Where pricing is not equal to stand-alone selling price, the contract is combined with the pre-existing contract with the customer as a multiple-performance obligation arrangement. Where this is the case, each performance obligation is allocated a proportional amount of revenue based on the transaction price of the contract and the relative stand-alone selling price of each performance obligation.

Sale of goods

Revenue from the sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on dispatch of the equipment, subject to some exceptions. The normal credit term is 30 to 90 days from delivery.

The Group has considered whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. There are no such obligations at this time.

Maintenance and subscription revenue

Maintenance and subscription revenue is recorded over the period of the maintenance or subscription agreement. Cash received in advance for the maintenance or subscription agreement is originally recorded as a contract liability. This is recognised as revenue over the term of the agreement as the Group performs under the contract.

Variable consideration

The Group's distribution agreement with Thales entitles the Group to variable consideration from when the goods are sold by Thales to its end users. The details of this variable consideration and the methods used for estimation are outlined below.

1 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(ii) Key judgements and estimates

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Determining method to estimate variable consideration and assessing the constraint

The Group's distribution agreement with Thales has both fixed and variable consideration. The Group is entitled to fixed consideration at the point in time when equipment is dispatched to Thales. The Group is entitled to a variable consideration when the equipment is sold by Thales to its end users. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The method used to calculate the variable consideration has been estimated using the most likely amount which represents the single most likely amount in a range of possible consideration amounts. This is an estimate of the likelihood of sales taking place to an end user and the amount of revenue due towards the Group if this event occurs. The nature of the promise within the contract is to perform an unknown number of sales to end users throughout the contract period and the consideration received is contingent upon the quantity which is sold to end users. Therefore, the total transaction price is variable since it is based upon the occurrence or non-occurrence of events outside the Group's control and the contract has a range of possible transaction prices.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are constrained based on its historical experience, business forecast and the current economic conditions.

2 OTHER INCOME

(a) Other income

		CONSOLIDATED	
		2024	2023
	Notes	$	$
Interest income		181,571	126,538
Other income		-	310,905
Total		**181,571**	**437,443**

(b) Accounting policy

(i) Interest Income

Interest income is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocates the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

3 EXPENSES

		Notes	CONSOLIDATED 2024 $	CONSOLIDATED 2023 $
(a)	**Employee benefits expense**			
	Salaries & wages		21,897,821	20,330,864
	Superannuation		554,998	527,539
	Share based payment expense	27	1,149,103	1,179,204
	Total		**23,601,922**	**22,037,607**
(b)	**Depreciation and amortisation expense**			
	Depreciation:			
	Plant and equipment	14	320,659	405,756
	Leasehold improvements	14	33,252	45,557
	Right-of-use asset	16	280,949	280,949
	Amortisation:			
	Customer relationships	15	271,502	264,432
	Software	15	2,212,786	2,190,521
	Total		**3,119,148**	**3,187,215**
(c)	**Administration expenses**			
	Premises costs		866,026	856,489
	Travel expenditure		1,041,784	1,064,320
	Telephone and internet expenditure		183,822	190,454
	Insurance expenditure		613,784	718,667
	Marketing expenditure		2,707,108	3,183,609
	External contractors -sales and corporate		4,167,422	3,816,945
	Total		**9,579,946**	**9,830,484**
(d)	**Professional fees**			
	Certification, testing and direct R&D expenditure		1,136,791	858,924
	Legal fees		439,533	354,357
	Professional services		1,339,987	1,032,765
	Total		**2,916,311**	**2,246,046**
(e)	**Other expenses**			
	Subscriptions and membership fees		773,984	755,105
	Net loss on foreign exchange		284,947	391,852
	Other expenses		117,519	64,789
	Total		**1,176,450**	**1,211,746**
(f)	**Finance costs**			
	Bank fees and service charges		240,915	51,477
	Interest expense on lease liabilities		19,968	35,553
	Total		**260,883**	**87,030**

4 INCOME TAX

	Notes	CONSOLIDATED 2024 $	2023 $
(a) ***Major components of income tax expense for the years ended 30 June 2024 and 2023 are:***			
Current income tax			
Current income tax charge/(benefit)		1,088,883	469,362
Adjustments in respect of current income tax of previous years		(315,815)	(223,210)
Deferred income tax			
Relating to origination and reversal of temporary differences		(826,035)	(231,321)
Income tax expense/(benefit) reported in statement of comprehensive income		**(52,967)**	**14,831**
(b) ***Reconciliation of tax expense and the accounting profit and multiplied by Australia's domestic tax***			
Accounting loss before tax		**(13,452,864)**	**(14,172,576)**
At the statutory income tax rate of 25% (2023: 25%)		(3,363,216)	(3,543,144)
Expenditure not allowable for income tax purposes		118,515	62,114
Adjustments in respect of current income tax of previous years		(312,058)	(213,479)
R&D tax incentive		(236,225)	(190,016)
Israel tax losses not recognised		3,372,176	3,569,162
Foreign losses not recognised		15,241	(28,635)
Effect of lower tax rate in Israel (23%) compared to Australian statutory income tax rate (25%) (2023: 25%)		341,981	357,841
Other		10,619	988
Income tax expense reported in statement of comprehensive income		**(52,967)**	**14,831**

(c) Deferred tax assets and liabilities

CONSOLIDATED	Statement of Financial Position 2024 $	2023 $
Deferred tax assets		
Accruals:		
Accrued expenses	45,946	56,442
Employee benefits:		
Annual leave	163,778	139,571
Long service leave	293,689	267,307
Bonus	158,375	-
Other:		
Amortised business costs	168,002	61,992
Patents	1,680	2,452
FBT accrual	9,918	7,322
Inventory provision	55,750	73,000
Unrealised foreign exchange loss	15,542	386
Unutilised losses	44,149	61,953
Lease liabilities	713,933	376,364
Other	-	-
Total	**1,670,762**	**1,046,789**

4 INCOME TAX (CONTINUED)

(c) Deferred tax assets and liabilities

CONSOLIDATED	Statement of Financial Position 2024 $	2023 $
Deferred tax liabilities		
Prepayments	(1,226)	(981)
Variable Consideration	(857,725)	(845,051)
Unrealised foreign exchange gain	-	(588)
Plant and equipment	(94,274)	(96,806)
Intangible assets	(192,942)	(753,548)
ROU asset	(711,535)	(360,809)
FBT accrual	(9,918)	(7,322)
	(1,867,620)	**(2,065,105)**
Net deferred tax liability	**(196,858)**	**(1,018,316)**

CONSOLIDATED	Statement of Comprehensive Income 2024 $	2023 $
Deferred tax assets		
Accruals:		
Accrued expenses	10,497	(13,145)
Employee benefits:		
Annual leave	(24,207)	7,460
Long service leave	(26,382)	(8,620)
Other:		
Amortised business costs	(106,010)	(42,239)
Patents	772	993
Unrealised foreign exchange loss	(15,157)	564
FBT accrual	(2,596)	(988)
Inventory provision	17,250	(73,000)
Unutilised tax losses	17,804	11,828
Lease liabilities	(337,569)	5,862
Other	(46,992)	92,472
Total	**(512,590)**	**(18,813)**
Deferred tax liabilities		
Prepayments	245	(55)
Variable consideration	12,675	373,393
Plant and equipment	(2,532)	(20,762)
Intangibles	(560,607)	(546,007)
ROU asset	350,727	-
Unrealised foreign exchange gain	(588)	(49,727)
FBT accrual	2,596	988
	(197,485)	**(242,170)**
Deferred tax (benefit) /expense	**(710,075)**	**(260,983)**
Deferred tax asset (non-current)	1,670,762	1,046,789
Deferred tax liability (non-current)	1,867,620	2,065,105

The franking account balance for 2024 is $384,327 (2023: $384,327).

4 INCOME TAX (CONTINUED)

(d) Accounting policy

(i) Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate.

(ii) Deferred taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint arrangements, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint arrangements, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

4 INCOME TAX (CONTINUED)

(d) Accounting policy

(iii) Tax consolidation

Senetas Corporation Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated Group with effect 1 July 2002. Senetas Corporation Limited is the head entity of the tax consolidated Group. Members of the Group entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities.

The allocation of current taxes and deferred taxes of subsidiaries has been allocated to the subsidiaries via intercompany transactions, in accordance with company policy.

Tax effect accounting by members of the tax consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated Group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated Group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The Group has tax losses arising in Australia of $176,595 (2023: $247,528) that may be available indefinitely for offset against future income tax payable. Of the total tax losses available for offset against future income tax payable, $44,149 has been recognised as a deferred tax asset (2023: $61,882). The Group has tax losses arising in Israel of $3,372,176 (2023: $3,569,162) that may be offset against future income tax payable. No deferred tax asset has been recognised for these tax losses.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is based on accounting profit. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

5 EARNINGS PER SHARE

(a) The following reflects the income and share data used in the basic and diluted profit per share computations:

	CONSOLIDATED	
	2024	2023
	$	$
Net profit attributable to equity holders of the parent	(6,107,232)	(7,313,585)
Net profit attributable to ordinary shareholders for diluted earnings per share	**(6,107,232)**	**(7,313,585)**

	No. of shares	No. of shares
Weighted average number of ordinary shares for basic earnings per share	1,402,743,495	1,213,901,490
Effect of dilution:	-	-
Adjusted weighted average number of ordinary shares for diluted profit per share	**1,402,743,495**	**1,213,901,490**

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the authorisation of these financial statements.

(b) Accounting policy

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares:

- Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

  - costs of servicing equity (other than dividends); and
  - other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

6 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 years ended 30 June 2024:

Year ended 30 June 2024	Senetas $	Votiro $	Total $
Segment revenue - Revenue from contracts with customers			
Sale of goods	12,663,181	-	12,663,181
Product maintenance and subscription revenue	8,912,276	9,671,798	18,584,074
Total Segment revenue	**21,575,457**	**9,671,798**	**31,247,255**

	Senetas $	Votiro $	Eliminations[(i)] $	Total $
Result				
Segment profit/(loss) before tax	3,646,191	(17,099,054)	-	(13,452,863)
Income tax (expense) /benefit	(465,224)	518,191	-	52,967
Segment profit/(loss) after tax	3,180,967	(16,580,863)	-	(13,399,896)
Income / (expenses)				
Depreciation and amortisation	(593,656)	(2,525,492)	-	(3,119,148)
Share based payments expense	(190,886)	(958,216)	-	(1,149,102)

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2024

6 SEGMENT INFORMATION (CONTINUED)

Year ended 30 June 2024	Senetas $	Votiro $	Eliminations[(i)] $	Total $
Non-current assets	27,869,218	5,724,689	(25,705,893)	7,888,014
Total assets	58,031,318	11,817,487	(34,911,560)	34,937,244
Total liabilities	(16,560,105)	(29,178,248)	9,205,670	(36,532,682)
Net assets	41,471,213	(17,360,761)	(25,705,890)	(1,595,438)
Cashflows				
Operating activities	5,868,940	(12,357,383)	-	(6,488,443)
Investing activities	(122,899)	(33,536)	-	(156,435)
Financing activities	(4,354,474)	10,528,598	-	6,174,124

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

Year ended 30 June 2023	Senetas $	Votiro $	Total $
Segment revenue - Revenue from contracts with customers			
Sale of goods	12,358,347	-	12,358,347
Product maintenance and subscription revenue	9,281,223	7,707,074	16,988,297
Total Segment revenue	**21,639,570**	**7,707,074**	**29,346,644**

	Senetas $	Votiro $	Eliminations[(i)] $	Total $
Result				
Segment profit/(loss) before tax	3,719,459	(17,892,035)	-	(14,172,576)
Income tax expense / (benefit)	(544,927)	530,096	-	(14,831)
Segment profit/(loss) after tax	3,174,533	(17,361,940)	-	(14,187,407)
Income / (expenses)				
Depreciation and amortisation	(732,238)	(2,454,977)	-	(3,187,215)
Share based payments expense	(179,146)	(1,000,057)	-	(1,179,204)
Non-current assets	27,873,129	7,851,932	(25,705,896)	10,019,163
Total assets	47,127,758	11,289,842	(25,705,896)	32,711,704
Total liabilities	(13,347,646)	(13,041,902)	-	(26,389,548)
Net assets	33,780,111	(1,752,060)	(25,705,896)	6,322,155
Cashflows				
Operating activities	1,456,987	(8,873,529)	-	(7,416,542)
Investing activities	(340,265)	(101,701)	-	(441,966)
Financing activities	(2,509,720)	9,109,328	-	6,599,609

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

6 SEGMENT INFORMATION (CONTINUED)

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

30 June 2024	Senetas $	Votiro $	Total $
Asia Pacific	2,984,662	7,349,546	10,334,208
United States	8,280,863	1,347,043	9,627,906
Europe	10,309,931	876,162	11,186,093
Africa	-	99,048	99,048
Total	**21,575,456**	**9,671,799**	**31,247,256**

30 June 2023	Senetas $	Votiro $	Total $
Asia Pacific	3,427,125	5,912,127	9,339,252
United States	9,572,185	1,157,219	10,729,404
Europe	8,640,260	548,693	9,188,953
Africa	-	89,035	89,035
Total	**21,639,570**	**7,707,075**	**29,346,644**

Revenue from one customer - the Company's global distribution partner, Thales - amounted to $19,159,107 (2023: $17,299,405) arising from the above mentioned geographical areas.

Non-current assets	2024 $	2023 $
Asia Pacific	27,869,218	27,873,129
Europe	5,724,689	7,851,932
	33,593,907	**35,725,061**

WORKING CAPITAL SECTION

7 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2024	2023
	$	$
Cash at bank and on hand	9,421,235	9,813,782
Total cash and cash equivalents	**9,421,235**	**9,813,782**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(a) Reconciliation from the net profit after tax to the net cash flows from operations

Profit after tax	(13,399,896)	(14,187,407)
Adjustments for non-cash items:		
Depreciation and amortisation	3,119,148	3,187,215
Unrealised foreign currency loss/(gain)	(4,246)	(909)
Gain on reassessment of contingent consideration	-	-
Impairment of inventories	(28,333)	224,401
Share based payment expense	1,149,103	1,179,204
Variable consideration	(50,699)	(1,493,571)
Other non-cash items	184,568	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables (net of foreign currency gains)	(5,911,144)	4,671,934
(Increase)/decrease in inventories	(312,937)	(38,045)
Increase in prepayments	(567,234)	(119,673)
Decrease in other current assets	(69,679)	(4,625)
Increase)/(decrease) in trade and other payables	938,376	(175,430)
Decrease in deferred income tax assets	623,974	18,814
Decrease in deferred income tax liability	(197,485)	(602,978)
Decrease in income tax payable	1,058,839	477,367
Increase in provisions	174,659	(8,031)
Increase/(decrease) in contract liabilities & other non-current liabilities	6,804,546	(544,809)
Net cash from operating activities	**(6,488,443)**	**(7,416,543)**

(b) Accounting policy

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

8 TRADE RECEIVABLES AND CONTRACT ASSETS

	Notes	CONSOLIDATED 2024 $	CONSOLIDATED 2023 $
Trade receivables (i)		8,153,222	2,434,480
Contract asset (ii)		3,430,901	3,380,202
Net GST receivable (iii)		153,567	190,841
Total		**11,737,691**	**6,005,523**
(a) CONTRACT ASSETS			
Recognised on 1 July		**3,380,202**	**1,886,631**
Reclassified as a receivable during the year		(2,257,523)	(1,160,005)
Contract asset recognised during the year		2,308,222	2,653,576
Closing balance as at 30 June		**3,430,901**	**3,380,202**

(c) Accounting policy

(i) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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.

(ii) Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are originally recognised for the revenue earned from the sale of inventory from our world-wide distributor, Thales, to their end customers. Upon completion of the sale by Thales to its end customer, the amounts recognised as contract assets are reclassified to trade receivables. The reclassification of contract assets to trade receivables usually takes three to six months.

The decrease in the value of the contract asset is a result of the product mix held by Thales based on their sales forecast.

(iii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

8 TRADE RECEIVABLES AND CONTRACT ASSETS (continued)

(c) Accounting policy (continued)

(iv) Impairment of financial assets

Trade receivables have been classified as debt instruments held at amortised cost. Accounting for impairment losses for trade receivables and contract assets uses a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

The Group has applied the simplified approach to trade receivables and the contract asset in AASB 9 and has calculated ECLs based on lifetime expected credit losses. A provision for ECLs is determined based on historical credit loss rates and adjusted for forward looking factors specific to the debtor and the economic environment.
For further information on risk disclosures refer to Note 21.

9 CONTRACT LIABILITY

	Notes	CONSOLIDATED 2024 $	2023 $
(a) Contract liability Reconciliation			
Opening balance as at 1 July		17,369,877	17,554,985
Maintenance prepayments received during the year		25,317,564	16,803,187
Maintenance revenue recognised during the year		(18,584,074)	(16,988,296)
Closing balance as at 30 June		**24,103,367**	**17,369,877**
Current contract liabilities		15,182,947	9,810,565
Non-current contract liabilities		8,920,420	7,559,312
Total		**24,103,367**	**17,369,877**

(b) Accounting policy

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received the consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Maintenance revenue is recorded over the period of the maintenance agreement. Cash received in advance for the maintenance agreement is originally recorded as a contract liability. This is recognised as revenue over the term of the agreement as the Group performs under the contract.

10 TRADE AND OTHER PAYABLES

Current		
Trade payables	1,816,580	2,675,535
Other payables	3,694,315	2,140,964
Total	**5,510,895**	**4,816,499**

(a) Accounting policy

Trade and other payables are financial liabilities carried at amortised cost. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Trade payables are non-interest bearing and are nomally settled on 30-day terms.

Other payables are non-interest bearing and have an average term of six months and relate to general and employee related accruals.

The fair value of trade and other payables is deemed to approximate their carrying value.

For further information on risk disclosures refer Note 21.

11 INVENTORIES

		CONSOLIDATED	
		2024	2023
	Notes	$	$
Finished goods		3,308,828	3,087,583
Raw materials		998,728	2,233,954
Inventories		**4,307,556**	**5,321,537**

(a) Accounting policy

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a first-in, first-out basis. Included in the cost of purchase are other directly attributable costs as well as the purchase price.

Finished goods - cost of direct materials and external assembly costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

Provision for slow moving items

Inventories are reviewed annually to identify slow moving inventory. When these items are identified the remaining technological useful life is assessed, then an estimation is made of the quantum of sales expected over that remaining useful life. Where there is a shortfall of estimated sales versus the quantity of inventory on hand at the end of the period, a provision is raised.

During 2024, there was a write back of $28,333 (2023: $224,401) as an expense for inventories carried at the lower of cost and net realisable value. This is recognised in cost of sales.

OPERATING ASSETS AND LIABILITIES

12 OTHER ASSETS

	CONSOLIDATED	
	2024	2023
	$	$
Interest receivable	3,752	2,313
Security deposit	82,259	76,894
Prepayments	1,431,415	1,315,028
Other current assets	65,322	3,641
Total	**1,582,748**	**1,397,876**

13 INVESTMENT SECURITIES

Unquoted investment securities at FVTPL	-	-
Closing balance	**-**	**-**

The Group has investments in the entities shown in the table below

	Equity Interest	
	%	%
DeepRadiology Inc	3.45%	3.45%
Smart Antenna Technologies Ltd	5.76%	5.76%
EonReality Inc. *(i)*	3.11%	3.11%

The fair value of the above investments are categories as Level 3 on the basis that the shares in these entities are not listed on an exchange and there were no recent observable arm's length transactions in the shares. Each of these investments have a net carrying amount of zero.

Refer to significant accounting policy (c)(i) for further details on accounting for financial assets.

14 PLANT AND EQUIPMENT

Year ended 30 June 2024	Notes	Leasehold improvements $	Plant and equipment $	Total $
At 1 July 2023, net of accumulated depreciation		55,339	678,308	733,647
Additions (net of disposals)		-	136,825	136,825
Transfers to plant and equipment from inventory		-	21,273	21,273
Written off		-	-	-
Depreciation charge for the year		(33,252)	(320,659)	(353,911)
Exchange differences		-	1,973	1,976
At 30 June 2024, net of accumulated depreciation		**22,087**	**517,719**	**539,808**
At 1 July 2023				
Cost		294,255	3,844,059	4,138,315
Accumulated depreciation and impairment		(238,916)	(3,165,751)	(3,404,668)
Net carrying amount		**55,339**	**678,308**	**733,647**
At 30 June 2024, net of accumulated depreciation				
Cost		251,363	2,333,221	2,584,583
Accumulated depreciation		(229,276)	(1,815,502)	(2,044,778)
Net carrying amount		**22,087**	**517,719**	**539,807**

Year ended 30 June 2023	Leasehold improvements $	Plant and equipment $	Total $
At 1 July 2022, net of accumulated depreciation	100,896	672,619	773,515
Additions (net of disposals)	-	330,365	330,365
Transfers to plant and equipment from inventory	-	78,980	78,980
Written off	-	(2,689)	(2,689)
Depreciation charge for the year	(45,557)	(405,756)	(451,313)
Exchange differences	-	4,789	4,789
At 30 June 2023, net of accumulated depreciation	**55,339**	**678,308**	**733,647**
At 1 July 2022			
Cost	294,255	3,453,946	3,748,201
Accumulated depreciation and impairment	(193,359)	(2,781,327)	(2,974,686)
Net carrying amount	**100,896**	**672,619**	**773,515**
At 30 June 2023, net of accumulated depreciation			
Cost	294,255	3,844,060	4,138,315
Accumulated depreciation	(238,916)	(3,165,752)	(3,404,668)
Net carrying amount	**55,339**	**678,308**	**733,647**

14 PLANT AND EQUIPMENT (CONTINUED)

(a) Accounting policy

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated by the straight line method over the estimated useful life of the asset as follows:

- Leasehold improvements - the lease term
- Plant and equipment - over 3 to 15 years

The assets' residual value, useful lives and amortisation methods are reviewed, and adjusted if applicable, at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the asset is disposed.

Plant and equipment are not subject to or pledged as collateral for any liabilities or contingent liabilities.

15 GOODWILL AND INTANGIBLE ASSETS

	Notes	Goodwill $	Customer relationships $	Software $	Total $
Year ended 30 June 2024					
At 1 July 2023, net of accumulated amortisation and impairment		4,023,679	410,011	3,356,646	7,790,336
Additions		-	-	-	-
Amortisation		-	(271,502)	(2,212,786)	(2,484,288)
Exchange differences		(2,869)	(951)	(7,594)	(11,414)
At 30 June 2024 net of accumulated amortisation and impairment		**4,020,810**	**137,558**	**1,136,266**	**5,294,634**
At 30 June 2024 net of accumulated amortisation and impairment					
Cost (gross carrying amount)		4,020,810	1,335,094	10,988,113	16,344,018
Accumulated amortisation and impairment		-	(1,197,536)	(9,851,847)	(11,049,383)
Net carrying amount at 30 June 2024		**4,020,810**	**137,558**	**1,136,266**	**5,294,635**
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**

15 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

(a) Accounting policy

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

The carrying value of any intangible assets denominated in foreign currencies is revalued at the year end spot rate of each reporting period, leading to changes in the carrying value of the intangible assets in reporting currency. Any revaluation amounts are recognised directly in the foreign currency translation reserve.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is as follows:

(i) Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units (CGUs) expected to benefit from the combination's synergies. The goodwill acquired during the reporting period has been allocated to the Votiro CGU.

(iii) Customer relationships

The useful life of customer relationships is finite and customer contracts are amortised on a straight line basis over a period of five years based on historical attrition rates.

(iv) Software

The useful life of software is finite and software assets are amortised on a straight line basis over periods of three to five years. All software assets are acquired and the amortisation method is reviewed annually, at each financial year-end, for indications of impairment.

(v) Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use and sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(vi) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

15 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

(a) Accounting policy (continued)

(iv) Impairment of assets (continued)

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less cost to sell, and it does not generate cash inflows that are largely independent of those from other assets, or groups of assets, in which case, the recoverable amount is determined for the CGU to which the asset belongs.

In assessing value in use, the estimated future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(b) Key judgements and estimates

The Group has conducted its annual impairment testing on the carrying value of goodwill acquired through a business combination. Since all of the goodwill was allocated to the Votiro CGU, the recoverable amount was determined using a value-in-use approach, which involves discounting future cash flows expected from the continuing use of the CGU. This approach requires the use of various assumptions, with cash flow projections based on board approved management expectations for FY25. A conservative growth rate applied for the following 4 years, followed by the application of a terminal value. The directors applied conservative assumptions throughout the calculation to ensure a prudent assessment of Votiro's recoverable amount.

Key Assumptions

The key assumptions used in the estimation of value in use were as follows:

Assumption	Model Input	Rationale
New revenues	Range: 5% - 10%	FY25 new revenues were determined based on Board and management approved forecasts. New revenues in FY26 were determined based on historical average rates with growth rates in the range of 5% - 10% for the remaining forecast years. Growth rates of new revenues steadily reduced over the forecast period to a rate consistent with the terminal growth rate. The upper end of the range is well below historical trends, however the assumption applied here are intentionally conservative to account for potential delays in closing opportunities in any given forecast year.
Renewal revenues	Range: 87% - 95%	Subsequent renewal of contracts was also evaluated based on historical renewal rates and applying future attrition rates for futher renewals.
Cost of sales and expenditure	Range: 2.5% - 3%	Management forecasts cost of sales and expenditure based on the current structure of Votiro, adjusting for inflationary increases but not reflecting any future cost-savings measures. The inflationary rates was determined based on the upper consumer price index rate for the countries in which Votiro operates. The inflationary rates applied to FY24 actual expenditure, as a baseline for the five year forecast period, steadily reduced in the later years to a rate consistent with the terminal growth rate
Terminal value growth rate	2.5%	The terminal value is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The terminal value reflects an assessment of inflation and perpetual growth using market and economic data.
Discount rate	19.2%	A post-tax discount rate of 19.2% was applied in the value-in-use model, which was determined based on specific circumstances of Votrio and is derived from its weighted average cost of capital (WACC). Market-specific risk is incorporated by applying individual beta factors which are evaluated annually based on publicly available market data.

The recoverable amount was determined to be higher than the carrying amount and therefore the Directors determined that the intangible assets with an indefinite useful life were not impaired.

Impact of possible changes in key assumptions

The group has conducted analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of Votiro to which goodwill is allocated.

The following reasonably possible sensitivity changes to the assumptions will have an impact of increasing or decreasing the recoverable amount.

- An increase or decrease of the FY25 new billings by 20% will result in an increase or decrease of approximately $3.3 million
- An increase or decrease of the subsequent renewal annual attrition rate by 5% will result in an increase or decrease of approximately $3.8 million
- An increase of the cost of sales and expenditure growth rates to 5% across each forecast year will result in a decrease of approximately $2.1 million
- An increase or decrease of the discount rate by 100 basis points will result in an increase or decrease of approximately $1.8 million

It must be noted that each of the sensitivities above assumes that the specific assumptions move in isolation, whilst all other assumptions are held constant. In reality, a change in one assumption may result in a change in another assumption which would have an offsetting impact. Action is also usually taken by management to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed the recoverable amount.

16 LEASES

	2024 Buildings Right-of-use assets $	2024 Buildings Lease liabilities $	2023 Buildings Right-of-use assets $	2023 Buildings Lease liabilities $
As at 1 July	327,775	389,995	608,723	694,392
Additions	1,441,398	1,441,398		
Depreciation expense	(280,949)	-	(280,949)	-
Interest expense	-	19,968	-	35,553
Payments	-	(353,547)	-	(339,948)
As at 30 June	**1,488,223**	**1,497,814**	**327,774**	**389,995**

Set out below are the amounts recognised in profit or loss during the year:

	2024 $	2023 $
Depreciation expense of right-of-use assets	280,949	280,949
Interest expense on lease liabilities	19,968	35,553
Short term and low value lease expense	14,005	12,344
Total amount recognised in profit or loss	**314,922**	**328,845**

Set out below is a maturity analysis of lease liabilities:

Maturity analysis - contractual undiscounted cash flows	Leases committed to but not yet commenced 30/06/2024 $	Leases in effect during year ended 30/06/2024 $	Total 30/06/2024 $
Less than one year	279,167	59,305	338,472
One to five years	1,499,393	-	1,499,393
More than five years	-	-	-
Total undiscounted lease liabilities at 30 June	**1,778,560**	**59,305**	**1,837,865**

Maturity analysis - contractual undiscounted cash flows	30/06/2023 $	30/06/2023 $	30/06/2023 $
Less than one year	-	353,547	353,547
One to five years	-	59,305	59,305
More than five years	-	-	-
Total undiscounted lease liabilities at 30 June	**-**	**412,852**	**412,852**

(a) Accounting Policy

(i) Right-of-use assets

The Group recognises ROU assets at the commencement of all leases except for short term and low value leases. ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes:

- the amount of lease liabilities recognised;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to annual impairment assessment.

16 LEASES (CONTINUED)

(a) Accounting policy (continued)

(ii) Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the lessee uses its incremental borrowing rate at the date of initial application if the interest rate implicit in the lease is not readily determinable. After the date of initial application, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, which is not accounted for as a separate lease, a change in the lease term, a change in the in-substance fixed lease payments, a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases exemptions

The Group applies the short-term leases (i.e. those leases that have a lease term at the commencement date of 12 months or less and do not contain a purchase option) and low value leases recognition exemption made by class of underlying assets to the right-of-use asset related to its short-term leases and low value leases.

(b) Key judgements and estimates

(i) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as a non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Group assesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

(ii) Significant judgement in determining the incremental borrowing rate

Where the lessee cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessee 'would have to pay', which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

17 PROVISIONS

	CONSOLIDATED	
	2024	2023
	$	$
Current		
Annual leave	715,685	645,694
Long service leave	1,106,918	1,035,710
Total	**1,822,603**	**1,681,404**
Non-current		
Long service leave	100,474	66,667
Total provisions	**1,923,077**	**1,748,071**

(a) Accounting policy

Annual leave provision

The Group recognises a liability for annual leave measured at the present value of the expected future payments to be made in respect of employees up to the reporting date.

Long service leave provision

The Group does not expect its long service leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave measured at the present value of expected future payments to be made in respect of employees up to the reporting date. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

CAPITAL AND FINANCIAL RISK MANAGEMENT

18 CONTRIBUTED EQUITY

Ordinary shares	CONSOLIDATED 2024 $	CONSOLIDATED 2023 $
Issued and paid-up capital		
Ordinary shares each fully paid	**113,443,783**	**109,127,198**

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

Movements in ordinary shares on issue

	2024		2023	
	Number of shares	$	Number of shares	$
Beginning of the financial year	1,214,140,627	109,127,198	1,213,795,627	108,996,265
Capital Raise, net of transaction costs[1]	357,142,738	4,316,585	-	81,830
Performance rights converted to shares			345,000	49,103
End of the financial year	**1,571,283,365**	**113,443,783**	**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 $683,415 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.

19 RESERVES

	CONSOLIDATED 2024 $	CONSOLIDATED 2023 $
Foreign currency translation reserve	394,902	409,260
Employee benefits reserve	5,428,577	4,701,089
Other reserves	1,936,119	992,860
	7,759,598	**6,103,209**

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Employee benefits reserve
The employee benefits reserve is used to recognise the value of equity-settled share based payment transactions provided to employees, including KMP, as part of their remuneration. Refer to Note 27 for further details of these plans.

Other reserves
The other reserve includes the reattribution of acquired non-controlling interest

20 INTEREST BEARING LIABILITIES

		CONSOLIDATED	
		2024	2023
	Notes	$	$
Current			
Interest-bearing loan		2,395,651	-
Total		**2,395,651**	**-**

(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 $9.0 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 current interesting bearing liabilities.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise of cash and short-term deposits, investment securities and interest-bearing liabilities. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The Group does not enter into derivative transactions at this point in time. With the exception of lease liabilities, the Group has no borrowings. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing risks and they are summarised below. Primary responsibility for the identification and control of financial risks rests with management under the supervision of the Audit and Risk Committee and under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios to support its business and maximise shareholder value. Capital includes issued capital and equity reserves attributable to the equity holders of the parent.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the distribution payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2024 or 30 June 2023.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (when revenue or expense is denominated in a foreign currency).

As the Group has invested in a subsidiary (Votiro), the functional currency of which is $US, the Group may consider hedging it's exposure.

The investment in Senetas Europe has exposed the Group to an overseas operation with a functional currency of GBP. This investment and exposure is not considered significant and the Group considers that the statement of financial position will not be affected significantly by changes in the $A/£GBP exchange rates.

The Group may have significant transactional currency exposures. Such exposure arises from sales or purchases in currencies other than the unit’s functional currency, particularly in $US. These transactional currency exposures are managed through improved liquidity management. Management monitors timing of cash flows from sales to reduce the exposure.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

As at 30 June 2024, the Group had the following exposure to $US foreign currency

	CONSOLIDATED 2024 $	CONSOLIDATED 2023 $
Financial Assets		
Cash and cash equivalents	3,257,742	2,590,806
Trade and other receivables	4,442,992	1,172,104
	7,700,734	**3,762,910**
Financial Liabilities		
Trade and other payables	(2,537,222)	(703,497)
Net exposure	**5,163,512**	**3,059,413**

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date.

As at 30 June 2024, had the $A moved, as illustrated in the table below, with all over variables held constant, pre-tax profit/(loss) and equity would have been affected as per below.

	Net Profit / (loss) Higher / (lower) 2024 $	Net Profit / (loss) Higher / (lower) 2023 $	Equity Higher / (lower) 2024 $	Equity Higher / (lower) 2023 $
Consolidated				
AUD/USD + 10% (2022: + 10%)	(704,165)	(417,519)	(704,165)	(417,519)
AUD/USD -10% (2022: - 10%)	860,646	510,302	860,646	510,302

As at 30 June 2024, the Group had the following exposure to £GBP foreign currency

	CONSOLIDATED 2024 $	CONSOLIDATED 2023 $
Financial Assets		
Cash and cash equivalents	49,693	171,567
Trade and other receivables	25,610	645
	75,303	**172,212**
Financial Liabilities		
Trade and other payables	(8,696)	(22,369)
Net exposure	**66,607**	**149,843**

As at 30 June 2024, had the $A moved, as illustrated in the table below, with all over variables held constant, pre-tax profit/(loss) and equity would have been affected as per below.

	Net Profit / (loss) Higher / (lower) 2024 $	Net Profit / (loss) Higher / (lower) 2023 $	Equity Higher / (lower) 2024 $	Equity Higher / (lower) 2023 $
Consolidated				
AUD/GBP + 10% (2022: + 10%)	(11,487)	(25,988)	(11,487)	(25,988)
AUD/GBP -10% (2022: -10%)	14,040	31,763	14,040	31,763

The assumed movement in $A against $US and £GBP is based on the currently observable market environment, showing a high volatility and uncertainty due to the current economic climate.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and foreign exchange transactions

Trade receivables and contract assets

The Group trades only with recognised, creditworthy third parties and as such, collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.
It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The Group has one major global distributor, Thales. Thales has exclusivity in all areas except Australia and New Zealand. Thales is a French multinational company listed on the Euronext Paris. It reported revenues of 18.4 billion EUR for the year ended 31 December 2023 and has a credit rating of A-. As such, the Group considers any economic or credit risk arising from its relationship with Thales to be negligible.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Chief Financial Officer.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, trade receivables and other receivables, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Concentration of risk is attributable to the counter party with whom the Group deals: a public listed company on the Euronext. The counter party's financial status is assessed to be strong and all payments due were received on time. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group does not hold any credit derivatives to offset its credit exposure.

Financial instruments and cash deposits

All cash assets in the Senetas operating segment are held in Australian banks except for GBP £49,693 in the UK. The company has a $US account with an Australian bank which held US$2,909,727 at 30 June 2024.

Significant amounts of cash are held in Australian banks whose credit is highly rated.

Cash assets in the Votiro operating segment are primarily held in Australian or Israeli banks and denominated in $US.

Liquidity risk

The Group's policy is to minimise the use of any interest-bearing borrowings, with the objective of maintaining continuity of funding and flexibility primarily through the use of cash and short-term deposits. Liquidity risk is managed via the regular review of forecasted cash inflows and outflows, with any surplus funds being placed in short term deposits to maximise interest revenue.

As such, the Group's exposure to liquidity risk is minimal.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The Group monitors its capital using a ratio of liquid assets over liquid liabilities. The Group's policy is to maintain the ratio greater than 1:1. A calculation of the liquid asset ratio is set out on the following tables for the financial years ended 30 June 2024 and 30 June 2023.

	2024 $	2023 $
Liquid assets		
Cash & cash equivalents	9,421,235	9,813,782
Trade and other receivables	8,153,222	2,434,480
Total liquid assets	**17,574,457**	**12,248,262**
Liquid liabilities		
Trade & other payables	(5,510,891)	(4,816,499)
Lease liabilities	(338,471)	(353,547)
Contingent consideration	-	0
Total liquid liabilities	**(5,849,362)**	**(5,170,046)**
Excess of liquid assets over liquid liabilities	**11,725,095**	**7,078,216**

Maturity analysis of financial assets and liabilities

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2024. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2024. The Group has no derivative financial instruments at 30 June 2024.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as plant and equipment and investments in working capital - e.g. inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established risk reporting that reflects expectations of management of expected settlement of financial assets and liabilities.

Management aims to maintain sufficient net liquid assets; assets in the form of cash and cash equivalents, trade and other receivables due in less than six months, to ensure that the value of these assets exceeds financial liabilities on demand. The table below demonstrates that this objective has been achieved.

30 June 2024	< 6 months $	6 to 12 months $	1 to 5 years $	No fixed term $	Total $
Financial assets					
Cash & cash equivalents	9,421,235	-	-	91,667	9,512,902
Trade & other receivables	8,153,222	-	-	-	8,153,222
	17,574,457	**-**	**-**	**91,667**	**17,666,125**
Financial liabilities					
Trade & other payables	(5,510,891)	-	-	-	(5,510,891)
Lease liabilities	(170,971)	(167,500)	(1,499,394)	-	(1,837,865)
	(5,681,862)	**(167,500)**	**(1,499,394)**	**-**	**(7,348,756)**
Liquidity position	**11,892,595**	**(167,500)**	**(1,499,394)**	**91,667**	**10,317,367**

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Maturity analysis of financial assets and liabilities (continued)

30 June 2023	< 6 months $	6 to 12 months $	1 to 5 years $	No fixed term $	Total $
Financial assets					
Cash & cash equivalents	9,813,782	-	-	91,667	9,905,449
Trade & other receivables	2,434,480	-	-	-	2,434,480
	12,248,262	**-**	**-**	**91,667**	**12,339,930**
Financial liabilities					
Trade & other payables	(4,816,499)	-	-	-	(4,816,499)
Lease liabilities	(175,633)	(177,914)	(59,305)	-	(412,852)
	(4,992,132)	**(177,914)**	**(59,305)**	**-**	**(5,229,351)**
Liquidity position	**7,256,130**	**(177,914)**	**(59,305)**	**91,667**	**7,110,578**

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to the Group's cash and cash equivalents.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	2024		2023	
	<1 year	Total	<1 year	Total
Financial assets				
Cash & cash equivalents	9,512,902	**9,512,902**	9,905,449	**9,905,449**
Financial liabilities				
Interest-bearing liabilities	-	**-**	-	**-**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax profit and equity would have been affected as follows

	Net Profit Higher / (lower)		Equity Higher / (lower)	
	2024 $	2023 $	2024 $	2023 $
Consolidated				
+ 0.5% (2022: + 0.5%)	10,222	27,986	10,222	27,986
-0.5% (2022: - 0.5%)	(34,178)	(27,986)	(34,178)	(27,986)

The assumed movement in basis points for interest rate sensitivity analysis is based on the observable market environment, with sizeable interest rate increases during FY24 and the expectation this will slow down during FY25.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

GROUP STRUCTURE

23 INVESTMENTS IN CONTROLLED ENTITIES

		Senetas Corporation Ltd 2024 $	2023 $
Investments in controlled entities	25	36,573,364	36,573,364

24 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: Name	2024 $	2023 $
Votiro Cybersec Global Limited	44.1	40.8
Accumulated balances of material non-controlling interest	(13,025,393)	(5,242,058)
Loss allocation to material non-controlling interest	(7,292,664)	(6,873,821)

Refer to note 24(c) for a summary of the transactions with non-controlling interest

(b) Non-controlling interests (NCI)

Summarised statement of profit or loss for the year ended 30 June:

	2024 $	2023 $
Revenue from contracts with customers	9,671,798	7,707,074
Cost of sales	(735,584)	(588,857)
Administrative expenses	(25,312,005)	(24,516,612)
Finance costs	(723,264)	(493,639)
Loss before tax	**(17,099,054)**	**(17,892,035)**
Income tax	518,192	530,096
Loss for the period	**(16,580,863)**	**(17,361,940)**
Attributable to non-controlling interest	(7,292,664)	(6,873,821)
Summarised statement of financial position before elimination entries:		
Cash and cash equivalents	522,059	2,308,840
Trade receivables and other current assets	5,570,739	1,129,070
Plant and equipment and other non-current asset	468,951	147,360
Goodwill and other intangibles	5,255,738	7,704,572
Trade and other current liabilities	(14,636,598)	(2,240,865)
Contract liabilities - current	(9,390,599)	(4,642,712)
Contract liabilities - non-current	(4,925,474)	(5,371,628)
Other non-current liabilities	(225,577)	(786,697)
Total equity	**(17,360,761)**	**(1,752,060)**
Attributable to:		
Equity holders of parent	(4,335,368)	3,489,998
Non-controlling interest	(13,025,393)	(5,242,058)
Summarised cash flow information for the year ended 30 June:		
Operating	(12,357,383)	(8,873,529)
Investing	(33,536)	(101,701)
Financing	10,528,598	9,109,328
Net decrease in cash and cash equivalents	**(1,862,321)**	**134,098**

24 MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTINUED)

(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. On 1 March 2024, further options were granted and various options were exercised, forfeited or expired which resulted in an increase of non-controlling interest by 0.3%. The total impact of these transactions on non-controlling interest in Votiro Cybersec Global Pty Ltd at 30 June 2024 was an increase by 3.3% to 44.1%.

Immediately prior to these transactions, the carrying amount of the existing non-controlling interest in Votiro was determined in order to calculate the proportion of change to the non-controlling interest. The combined impact of these transactions resulted in the Group recognising a decrease in the equity attributable to owners of the parent of $943,259 and an increase in non-controlling interests of $943,259.

	2024 $	2023 $
Carrying amount of non-controlling interest acquired	943,259	746,598
Consideration paid to non-controlling interests	-	-
Excess of consideration paid recognised in other reserves within equity	**943,259**	**746,598**

OTHER INFORMATION

25 RELATED PARTY DISCLOSURES

Senetas Corporation Limited is the ultimate parent of the Group and has the following related parties:

	% Equity interest	
	2024	2023
	$	$
Senetas Security Pty Ltd	100%	100%
Senetas Europe Ltd	100%	100%
(i) Senetas US LLC	100%	100%
(ii) Votiro Cybersec Global Pty Ltd and its wholly owned subsidiaries	55.9%	59.2%

(i) Senetas US LLC is a wholly owned subsidiary of Senetas Corporation Limited and is a dormant entity.

(ii) Votiro Cybersec Ltd, Votiro Singapore Pte Ltd and Votiro Inc. are wholly owned subsidiaries of Votiro Cybersec Global Pty Ltd.

Transactions with related parties

During the year ended 30 June 2024, Senetas entered into a loan agreement with Votiro to provide funds for working capital purposes. This loan attracted an interest rate of 15%. The loan balance comprising principal and accrued interest at the reporting date was $9.04 million. This is eliminated in full on consolidation.

There were no other transactions entered into with related parties except for intercompany loans which are non-interest bearing. Intercompany loans are eliminated in full on consolidation. Any intercompany sales are eliminated in full on consolidation. Intercompany expenses which are directly borne by the Parent Company are not eliminated upon consolidation.

26 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

Director fees

Mr Galbally's director fees are paid to Southbank Capital Pty Ltd
Mr Gillespie's director fees are paid to SectorWest Pty Ltd
Mr Given's director fees are paid to LPG Group LLC
Mr Hansen's director fees are paid to Carikster Advisors LLC
Mr Schofield's director fees are paid to Cadigal Advisors Pty Ltd

Other than the payment of directors fees, there have been no other transactions entered between the Group and the above entities (2023: Nil). There are no outstanding balances at 30 June 2024 (2023: Nil).

Key management personnel

Details of directors & executives	**Position**
Directors	
F. Galbally	Director / Chairman (Non-Executive)
L. Given	Director (Non-Executive)
K. Gillespie	Director (Non-Executive)
L. Hansen	Director (Non-Executive)
P. Schofield	Director (Non-Executive)
Executive Director	
A. Wilson	Chief Executive Officer
Executives	
L. Barker	Chief Financial Officer
J. Fay	Chief Technology Officer
J. Weston	Chief Architect

Remuneration by category: executives & directors

	CONSOLIDATED	
	2024	2023
	$	$
Short-term employee benefits	2,800,112	2,222,413
Post employment employee benefits	109,595	100,701
Other long-term employee benefits	38,997	14,895
Share-based payment	77,556	68,345
Total	**3,026,260**	**2,406,354**

Other transactions and balances with executives and directors

There were no other transactions with executives and directors during the year (2023: Nil).

27 SHARE BASED PAYMENTS

Employee Share Option Plan

Long Term Incentive (LTI) are provided to employees in the form of performance rights and options. A Performance Right is a grant of actual shares of stock, the payment of which is contingent on performance as measured against predetermined objectives over a period of time. An Option is the right, but not the obligation, to buy a share at a discount or at a stated fixed price, within a certain period of time.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. The following table illustrates the number (No.) of share options and performance rights outstanding as at 30 June 2024:

	2024 Number	2024 Weighted average fair value	2023 Number	2023 Weighted average fair value
Outstanding at the beginning of the year	31,812,500	$0.0264	32,707,500	$0.0280
Granted during the year (ii) (iii) (iv) (v)	8,000,000	-	-	$0.0000
Exercised during the year*	-	-	(345,000)	$0.1423
Expired during the year	-	-	-	$0.0000
Forfeited during the year	-	-	(550,000)	$0.0490
Outstanding at the end of the year (i)	**39,812,500**	**$0.0238**	**31,812,500**	**$0.0264**
Exercisable at the end of the year	10,912,500	-	6,912,500	-

* The performance rights exercised during the year had a nil exercise price.

(i) The outstanding balance as at 30 June 2024 is represented by:

a) 20,000,000 options for the CEO.

b) 7,000,000 executive options.

c) 7,500,000 staff options.

d) 5,312,500 performance rights for staff.

e) 412,500 performance rights for staff vested but have not yet been exercised. These are the remainder of the performance rights from the grant in the 2018 financial year for which the final tenure condition was met in November 2019.

The weighted average exercise price for the 34,500,000 share options included above is $0.0603. The weighted average exercise price of the performance rights granted and outstanding is nil.

(ii) Approval for the issue of 8,000,000 options to the CEO, Mr Wilson, was obtained under listing rule 10.14 at the Annual General Meeting held on 30 November 2023. The options are subject to a service condition which will run for three years from 30 November 2023 to 29 November 2029. A third of the options will vest after 12 months of continued service. A further third will vest after 24 months of continued service and the final third will vest after 36 months of continued service by Mr Wilson. The exercise price for these options upon vesting is $0.0135. Each option granted entitles Mr Wilson to one fully paid ordinary share in the company, subject to satisfaction of the vesting conditions, and payment of the exercise price.

(iii) The CEO, Mr Wilson, was granted 2,000,000 options at the AGM in November 2020. The Options will vest subject to a service condition of 36 months continuous service and the exercise price upon vesting is $0.074. Each option granted entitles Mr Wilson to one fully paid ordinary share in the company, subject to satisfaction of the vesting condition and payment of the exercise price.

(iv) Approval for the issue of 4,000,000 options to Mr Wilson was obtained under listing rule 10.14 at the AGM on 19 November 2021. The Options will vest subject to a service condition of 36 months continuous service and the exercise price upon vesting is $0.057. Each option granted entitles Mr Wilson to one fully paid ordinary share in the company, subject to satisfaction of the vesting condition and payment of the exercise price.

27 SHARE BASED PAYMENTS (CONTINUED)

(v) The Board authorised the grant of 6,000,000 options to Key Management Personnel and 6,000,000 options to other managers on 1 December 2021. The Options will vest subject to a service condition of 36 months continuous service and the exercise price upon vesting is $0.057. Each option granted entitles the option holder to one fully paid ordinary share in the company, subject to satisfaction of the vesting condition and payment of the exercise price. The Board also authorised the grant of 5,450,000 performance rights to Senetas staff on 1 December 2021. The performance rights will vest subject to a service condition of 36 months continuous service. The performance rights have a nil exercise price.

Fair value of options granted to CEO during the 2024 and 2023 financial year

The fair value of each option was reached using a binomial option pricing methodology. The inputs to this calculation were:

	2024 Tranche 1	2024 Tranche 2	2024 Tranche 3
Grant date of options	30 Nov 23	30 Nov 23	30 Nov 23
a) Stock price at grant date	$0.014	$0.014	$0.014
b) Exercise price	$0.014	$0.014	$0.014
c) Risk free rate	4.36%	4.15%	4.06%
d) Term - Vesting (Years)	1.00	2.00	3.00
e) Assumed Option Life (Years)	2.00	3.00	4.00
f) Volatility	63.00%	63.00%	63.00%
Option valuation	**$0.005**	**$0.005**	**$0.005**

No options or performance rights were granted to the Executives or staff during FY24.

(a) Accounting policy

The Company has established a Share/Option Plan to issue and allot securities (shares and options) to directors, employees and contractors at the discretion of the board of directors. The terms and exercise dates of the options are set at the discretion of the board of directors. The total number of securities that can be granted under the Plan may not exceed 20% of the issued capital of the Company from time to time. The options cannot be transferred and will not be quoted on the ASX.

The cost of these equity-settled transactions with directors and employees is measured by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined by an external valuer using a binomial option pricing model, as outlined above.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. The statement of comprehensive income charge or credit for a period reflects the movement in cumulative expense recognised at the beginning and end of that period. There is a corresponding credit or debit to equity.

If the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement.

If an equity-settled award is cancelled it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(b) Key judgements and estimates

The company determines the estimated fair value of share based payment transactions based on the fair value of the equity instruments granted. For non-market conditions the Company assigns a probability to meeting the vesting condition. The key assumptions used in determining the fair value of share based payments are described above. The expected volatility was determined based on historical volatility of Senetas shares.

28 CONTINGENT ASSETS AND LIABILITIES

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

29 AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2024 $	2023 $
Fees to Grant Thornton Audit Pty Ltd		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	136,000	128,750
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance services and agreed-upon-procedures services under other legislation or contractual arrangements where this is discretion as to whether the service is provided by the auditor or another firm	-	-
Fees for other services	-	-
Total fees to Grant Thornton Audit Pty Ltd	**136,000**	**128,750**
Fees to other overseas member firms of Grant Thornton Audit Pty Ltd		
Fees for auditing the financial report of any controlled entities	110,911	108,562
Total fees to overseas member firms of Grant Thornton Audit Pty Ltd	**110,911**	**108,562**
Total auditor's remuneration	**246,911**	**237,312**

30 EVENTS SUBSEQUENT TO REPORTING DATE

There are no significant events after reporting date.

31 PARENT ENTITY INFORMATION

Information relating to Senetas Corporation Limited for the year ended 30 June 2024:

	2024 $	2023 $
Current assets	18,120,126	5,913,140
Total assets	57,389,280	43,689,820
Current liabilities	(66,143,120)	(54,527,102)
Total liabilities	(67,805,674)	(54,979,575)
Contributed equity	113,443,784	109,127,199
Retained earnings	(125,191,428)	(121,557,317)
Employee benefits reserve	1,331,249	1,140,363
Total shareholders' equity	**(10,416,395)**	**(11,289,756)**
Loss of the parent entity after tax	(3,634,110)	(2,722,536)
Total comprehensive income of the parent entity	**(3,634,110)**	**(2,722,536)**

The parent entity has provided a signed letter of support with Votiro Cybersec Global Limited to provide funding as and when required.

The parent entity has no contingent liabilities.

The parent entity has no contractual commitments for the acquisition of plant or equipment.

31 PARENT ENTITY INFORMATION (continued)

(a) Accounting policy

Determining the parent entity financial information
The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Senetas Corporation Limited.

32 NEW ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(i) New and amended accounting standards adopted

During the year ended 30 June 2024, the Group has not adopted any new accounting standards.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective.

(ii) Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards that have recently been issued or amended but which are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2024 are outlined below:

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as current or Non-current

AASB 2020-1 makes amendments to AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The AASB recently issued amendments at AASB 101 to clarify the requirements for classifying liabilities as current. Specifically:

- Clarifying that the classification of a liability as either current or non-current is based on the entity's right at the end of the reporting period;
- Stating that management's expectation around whether they will defer settlement or not does not impact the classification of the liability;
- Adding guidance about lending conditions and how these can impact classification; and
- Including requirements for liabilities that can be settled using an entity's own instruments.

<u>Group's assessment performed to date</u>

The Group does not believe these amendments will result in a material impact on the financial statements. The Group will first apply the amendments in AASB 101 on 1 July 2024.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

This amending standard amends IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* to clarify how the contractual cash flows from financial assets should be assessed when determining their classification. The amendment also clarifies the derecognition requirements of financial liabilities that are settled through electronic payment systems.

<u>Group's assessment performed to date</u>

The Group does not believe these amendments will result in a material impact on the financial statements. The Group will first apply the amendments in these standards on 1 July 2026.

32 NEW ACCOUNTING POLICIES (continued)

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 as the standard describing the primary financial statements and sets out requirements for the presentation and disclosure of information in AASB-compliant financial statements. Amongst other changes, it introduces the concept of the "management-defined performance measure' to financial statements and requires the classification of transactions presented within the statement of profit or loss within one of five categories - operating, investing, financing, income taxes and discontinued operations. It also provides enhanced requirements for the aggregation and disaggregation of information.

Group's assessment performed to date

The Group does not believe these amendments will result in a material impact on the financial statements. The Group will first apply the amendments in these standards on 1 July 2027.

Consolidated entity disclosure statement

FOR THE YEAR ENDED 30 JUNE 2024

Entity name	Entity Type	Body corporates		Tax residency	
		Place formed or incorporated	% of share capital held	Australian or foreign	Foreign jurisdiction
Senetas Corporation Limited	Body corporate	Australia	N/A	Australian	N/A
Senetas Security Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Senetas Europe Ltd	Body corporate	UK	100%	Foreign	UK
Senetas US LLC	Body corporate	US	100%	Foreign	US
Votiro Cybersec Global Pty Ltd	Body corporate	Australia	55.9%	Australian	N/A
Votiro Australia Pty Ltd	Body corporate	Australia	0%	Australian	N/A
Votiro Cybersec Ltd	Body corporate	Israel	0%	Foreign	Israel
Votiro (Singapore) Pte Ltd	Body corporate	Singapore	0%	Foreign	Singapore
Votiro Cybersec Inc	Body corporate	US	0%	Foreign	US

(i) Senetas US LLC is a wholly owned subsidiary of Senetas Corporation Limited and is a dormant entity.

(iii) The investment is held by Senetas Security Pty Ltd and the entity is dormant.

(iv) Votiro Cybersec Ltd, Votiro Singapore Pte Ltd and Votiro Inc. are wholly owned subsidiaries of Votiro Cybersec Global Pty Ltd.

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporations Act 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was na Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining the tax resideny, the consolidated entity has applied the following interpretations:

- **Australian tax residency**
  The consolidated entity has applied current legislation and where availble judicial precedent, including having regard to the Commission of Taxation's public guidance in *Tax Ruling TR 2018/5.*
- **Foreign tax residency**
  The consolidated entity has applied current legislation and where availble judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used indepdent tax advisers in foreign jurisdications to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

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 financial year ended 30 June 2024 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 30 June 2024 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Notes to the financial statements ;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) the consolidated entity disclosure statement is true and correct.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

On behalf of the Board

Francis W. Galbally
Chairman
Melbourne
Date: 26 September 2024

Grant Thornton

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Independent Auditor's Report

To the Members of Senetas Corporation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Senetas Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (Note 1 and Note 6)	
The Group earns revenue from selling hardware products, software subscriptions, maintenance subscriptions, and support services. During the year ended 30 June 2024, $19.25 million of the revenue earned was through Senetas' US distributor, Thales. This accounts for 62% of consolidated revenue. The arrangement with Thales details that any products or services sold through them will have the profit margin shared between Senetas and Thales. Under AASB 15 *Revenue from contracts with customers,* the performance obligation is achieved when the product or service is sold to Thales. Thus Senetas must account for the revenue earned on this product once sold to Thales. Given that the sale to the end customer has not occurred at such time and the price of the product or service is not fixed, management must estimate the amount of revenue earned and received on each product or estimate. Due to the significant amount of management judgement and estimation on the revenue earned, we consider this a key audit matter.	Our procedures included, amongst others: • obtaining an understanding of the processes and controls associated with material revenue streams; • considering the appropriateness of management's assessment of revenue streams in accordance with accounting standards; • documenting our understanding of the various arrangements used by the Group and evaluating management's revenue recognition under AASB 15; • reviewing the appropriateness of the estimation approach, key inputs, mechanics, and outputs and agreeing to supporting documentation where possible; • analytically reviewing deferred revenue balances at reporting period end for exceptions and anomalies against expectations; and • assessing the adequacy of disclosures for compliance with AASB 15.
Impairment of goodwill (Note 15)	
As at 30 June 2024, Goodwill totals $4,020,810 as a result of the Group's historical acquisition of Votiro, representing the excess of the purchase consideration over the fair value of assets and liabilities acquired. On acquisition date, the Goodwill has been allocated to the applicable Cash Generating Unit (CGU). An impairment assessment is performed at each reporting period in accordance with AASB 136 *Impairment of Assets*, comparing the carrying amount of the CGU containing Goodwill with its recoverable amount. The recoverable amount of the CGU is determined using a value in use model. This calculation incorporates a range of assumptions, including future cash flows, discount rate and terminal growth rate. This was a key audit matter due to the size of Goodwill and the significant judgement and estimation	Our procedures in conjunction with our valuation specialists included the following: • assessing the appropriateness of the valuation methodology used to calculate the recoverable amount of the CGU; • testing the mathematical accuracy of the impairment model of the CGU; • agreeing the projected cash flows used in the impairment models to the Board approved plan of the Group; • comparing historical cash flow forecasts to actual results and assessing managements ability to accurately forecast; • comparing the Group's implied growth rate assumption to comparable companies;

uncertainty associated with the impairment assessment.	• assessing the methodology and assumptions used in the calculation of the discount rate, including comparing the rate to market benchmarks; • assessing the adequacy of disclosures for compliance with AASB 136.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

a the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (other than the consolidated entity disclosure statement); and

b the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 19 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Senetas Corporation Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 26 September 2024

ASX Additional Information

Share Register Statistics as at 31 August 2024

Substantial shareholders as at the above date:

Name of substantial shareholder	Number of shares held
MADISON PARK LLC	211,963,200
MR FRANCIS WILLIAM GALBALLY	188,628,429
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	159,165,986

Twenty largest shareholders as at the above date are as follows:

Rank	Name	Number of ordinary shares held	% of issued capital
1	MADISON PARK LLC	211,963,200	13.49
2	MR FRANCIS WILLIAM GALBALLY	188,628,429	12.00
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	159,165,986	10.13
4	SPELIZA INVESTMENTS PTY LTD < GREYSMED P/L SUPER FUND A/C>	52,630,939	3.35
5	BNP PARIBAS NOMINEES PTY LTD < IB AU NOMS RETAIL CLIENT DRP>	47,176,132	3.00
6	MS ELIZABETH HUI-SHYAN YAO	40,000,226	2.55
7	PERMAX PTY LTD	15,000,000	0.95
8	MS DONNA YOUNG + MR PETER FLEMING < DYPF S/F A/C>	13,504,000	0.86
9	MR ROBERT BRYDON RUDD	12,000,000	0.76
9	SUCCESS BREAKTHROUGH PTY LTD < JACKS SUPER FUND A/C>	12,000,000	0.76
11	EUCALIP BIO-CHEMICAL GROUP PTY LTD	11,540,140	0.73
12	DMX CAPITAL PARTNERS LIMITED	11,533,190	0.73
13	MR CRAIG GRAEME CHAPMAN < NAMPAC DISCRETIONARY A/C>	10,000,000	0.64
14	ADROSAGA PARTNERS (ASIA) PTE LTD	9,286,234	0.59
15	SCINTILLA FUNDS MANAGEMENT PTY LTD	8,391,286	0.53
16	ADDO SUPER PTY LTD < ADDOS SUPERANNUATION FUND AC>	8,227,636	0.52
17	DIXSON TRUST PTY LIMITED	7,932,641	0.50
18	MR STEPHEN PHILLIP FOX + MRS MARIE-ROSE FOX	7,777,777	0.49
19	MR NOEL GEORGE MADDEN + MRS CHARITO MARLENI MADDEN < MADDEN SUPRFUND A/C>	7,613,473	0.48
20	JENRICH PTY LTD < TOUCHSTONE SUPER FUND A/C>	7,593,196	0.48
Total top holders balance		841,964,485	53.58

Share Register Statistics as at 31 August 2024 (continued)

Distribution of equity securities	Fully paid ordinary shares shareholders
Total holders	4,843
Aggregate holding of the top 20	53.58%
Holders of less than a marketable parcel	3,069

Range of holdings

Range of fully paid ordinary shares	Shareholders	%
1 -1,000	337	0.01
1,001 - 5,000	692	0.15
5,001 - 10,000	869	0.46
10,001 - 100,000	2,075	4.98
100,001 - and over	870	94.41
Total holders	4,843	100

Required statements

(a) There is no current on-market buy-back of the Company's securities.
(b) The Company securities are not quoted on any exchange other than the ASX.
(c) The name of the Company Secretary is Brendan Case.
(d) The address and telephone number of our principal registered office in Australia is:
312 Kings Way, South Melbourne, Victoria, 3205
Tel: + 61 3 9868 4555
(e) The address and telephone number of the Company's share registry is:
Computershare Australia
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067
Tel: + 61 3 9415 4000