

28 February 2025

ASX ANNOUNCEMENT

Senetas Corporation Limited

Half Year Results for the six months to 31 December 2024

- Sale of Votiro business announced in February 2024 for cash and shares in Menlo Security Inc.
- Consolidated group revenue up 21.5% to \$16.4 million
- Consolidated group gross profit up 20.2% and gross margins similar to the prior period
- Senetas segment revenue was up 2.0% and profit before tax was up 31% to \$1.9 million
- Votiro segment revenue was up 66% to \$6.9 million, and its loss before tax was down 41% to \$5.6 million
- Group net loss after tax attributable to members was down 64% to \$1.4 million (net cash loss after adjusting for non-cash items was \$0.4 million)
- Consolidated group cash on hand at 31 December 2024 was \$8.8 million and no debt

HY2025 Results

Senetas Corporation Ltd (ASX: SEN) (Senetas / the Company), today announced its results for the six months ended 31 December 2024 (HY2025).

Commenting on the half year to 31 December 2024, Senetas CEO, Andrew Wilson, said: "Whilst HY2025 has seen ongoing improvement in the financial performance of both the Senetas and Votiro businesses, the key recent development for the Company has been the completion of the Votiro transaction with Menlo Security Inc. (Menlo) earlier this month.

"The Votiro business becoming part of the Menlo business represents a significant opportunity to accelerate the growth of the underlying Votiro business. The financial strength of Menlo and its backers, the seamless fit of Votiro in Menlo's portfolio, and significant number of customers that Votiro and Menlo had in common made Menlo an obvious choice for the growth and development of the Votiro business moving forward.

"And the ongoing exposure Senetas will have to Menlo and Votiro via the component of consideration received in the form of Menlo shares ensures that Senetas shareholders will have the opportunity to benefit as Menlo and Votiro continue to grow.

"The Senetas business achieved modest revenue growth in HY2025, but strong profit growth. The forecast reduction in inventories held by our global distribution partner results in lower inventory shipments by Senetas but has very limited impact on profit and cash flow as good customers sales continue. HY2025's profit before tax growth of 31% was a very strong result for the segment.

"Strong recurring maintenance and subscription revenue for HY2025 was assisted by the first period of contribution resulting from Senetas's largest ever encryptor sale to a Middle Eastern government customer late in FY2024.





"R&D remains a critical focus for Senetas. The key focus areas during the period included the ongoing upgrades to Senetas's 10Gbps encryptors, the new version of the 100Gbps encryptor and re-certifications that are required for the North American market.

"In the near term we expect an increasing investment in, and opportunities relating to, the previously announced work we have been doing relating to embedding Senetas encryption on Autonomous Vehicles (Drones) and working with a US multinational company with regard to potential AUKUS projects.

"The Senetas business remains strong, profitable and cash generative and we are confident in the outlook for its future."

HY2025 Summary – Statutory Group Financials

Half year ended 31 December 2024 (\$000's)	HY2025	HY20234
Revenue from ordinary activities		
– Senetas	9,531	9,346
– Votiro	6,865	4,144
Consolidated Group Revenue	16,396	13,490
EBITDA		
– Senetas	1,278	1,464
– Votiro	(3,682)	(4,321)
Consolidated Group EBITDA	(2,404)	(2,857)
Net Profit (Loss) Before Tax		
– Senetas	1,868	1,426
– Votiro	(5,597)	(9,511)
Consolidated Group Net Profit (Loss) Before Tax	(3,729)	(8,085)
Consolidated Net Profit (Loss) After Tax Attributable to Members	(1,393)	(3,868)
Cash And Cash Equivalents @ 31 December 2024	8,801	11,687

- Group operating revenue up 21.5% to \$16.4 million (HY2024: \$13.5 million)
 - Senetas segment reported revenue of \$9.5 million was up 2% over the prior period (HY2024: \$9.3 million)
 - Votiro segment revenue was up 66% to \$6.9 million (HY2024: \$4.1 million)
- Gross margin for the Group was 89% - similar to the prior period
 - Senetas segment gross margin was 87% (HY2024: 89%)
 - Votiro segment gross margin was 92% (HY2024: 92%)
- Profit before tax for the Senetas operating segment in HY2025 was up 31% to \$1.9 million (HY2024: \$1.4 million)
- Variable Consideration¹ had no material impact on the Senetas financial results for HY2025
- The Group net loss after tax of \$3.7 million includes a \$5.6 million operating loss after tax for Votiro
 - \$2.4 million of the Votiro loss is attributable to minority interests

¹ Variable Consideration reflects the application of AASB15 which has applied to Senetas's results since FY2019



- Votiro's loss before tax includes non-cash items such as share based payments expense and amortisation totaling \$1.1 million
- The Group net loss after tax attributable to members was \$1.4 million
- The Group net loss attributable to members after adjusting for non-cash items was \$0.4 million
- Cash on hand at 31 December 2024 was \$8.8 million and no debt

Senetas operational review

Senetas segment reported revenue in HY2025 was up 2% to \$9.5 million. Higher revenue was driven by good growth in customer sales of Senetas products and services by Thales, partly offset by lower inventory transfers as Thales reduced its inventory holdings post the global electronic component shortages.

Maintenance and subscription revenue grew 28% to \$5.3 million in HY2025 and represented 56% of total Senetas segment revenue. One of the key drivers of the strong growth in maintenance and subscription revenue was the first period of maintenance payments related to Senetas's largest ever sale to a Middle Eastern government customer that completed in late FY2024.

Senetas segment gross profit was \$8.3 million and gross margins were 89%, marginally lower than the prior period.

Senetas segment profit before tax was up 31% to \$1.9 million and profit after tax was up 23% to \$1.6 million. Variable Consideration as highlighted in recent accounting periods had no material impact on Senetas's results in HY2025.

With the global component shortages now having eased, Senetas's inventory holdings have stabilised, and the inventory of Senetas products held by Thales has reduced by 29% since the same time in the prior year. We continue to expect both Thales and Senetas inventory levels will return towards more historic levels over the next 12 months.

The sales pipeline growth that Senetas saw in the June 2024 quarter continued into HY2025 providing solid momentum for the remainder of FY2025.

Expenditure on R&D was in line with the prior period. Core R&D projects in HY2025 included the ongoing upgrades to Senetas's 10Gbps encryptors, the new version of the 100Gbps encryptor and re-certification that is required for the North American market.

Proof of Concept trials using Senetas encryption embedded on Autonomous Vehicles are continuing productively. There have been no significant developments at this stage, however, the platform agility Senetas has demonstrated is leading to numerous other opportunities in the tactical space. Senetas is also working with a US multinational company with regard to potential AUKUS projects.

SureDrop, Senetas's encrypted file-sharing and collaboration platform, continued to grow revenue during the half year but remains only a small part of the Company's revenue sources. Senetas expects revenue will continue to grow through the remainder of FY2025 off a small base.

Sale of Votiro

The underlying Votiro business becoming part of Menlo Security Inc. (Menlo) represents a significant opportunity to accelerate the growth of the Votiro business. Senetas's ongoing exposure to Menlo, via the shares Votiro received as consideration for the transaction, also has



the potential to deliver substantial upside to both Votiro and Senetas shareholders by providing them with exposure to a far larger and well financed US based security company.

Menlo is backed by Vista Equity Partners, Neuberger Berman, General Catalyst, American Express Ventures, Ericsson Ventures, HSBC, and JPMorgan Chase. The financial strength of its backers, and the fact that some were also Votiro's customers, made Menlo an obvious choice for the growth and development of the Votiro business.

Votiro has also had a very productive commercial relationship with Menlo for some years and Votiro's technology fits seamlessly into the Menlo portfolio. Menlo and Votiro also have a number of large customers in common.

Key Transaction Details

The sale of the Votiro operating business to Menlo Security Inc. (Menlo) was announced on 20 February 2025.

- The transaction was structured as a sale by Votiro Cybersec Global (Australian incorporated Votiro parent company) of its wholly owned operating subsidiary companies
- As at the date of the transaction, Senetas held a fully diluted 55.7% shareholding in Votiro Cybersec Global. Currently, Senetas holds a 57.8% shareholding as a result of unvested employee options expiring
- The transaction proceeds are to be received by Votiro Cybersec Global as 40% in cash and 60% as shares in Menlo
- The consideration for the Votiro business on a cash free/debt free basis is a base value of US\$37.5 million (approximately A\$60 million) plus the potential for incremental consideration if certain conditions are met
- Up to US\$17.2 million of the consideration will be held back for a minimum period of 12 months subject to certain conditions relating to the renewal of key Votiro customer contracts
- The initial consideration expected to be received by Votiro Cybersec Global in April/May 2025 following the completion of standard tax clearance processes in Israel
- Initial cash proceeds received are likely to be used to part repay loans outstanding to Senetas and another major Votiro shareholder
- Votiro Cybersec Global and any cash and/or Menlo shares will continue to be consolidated in Senetas's accounts in future periods
- Once the final transaction consideration is confirmed, it is estimated that Votiro Cybersec Global is likely to hold (assuming the base consideration of US\$37.5m is received) a shareholding of approximately 2% in Menlo
- Senetas will report the valuation of its ongoing investment in Votiro Cybersec Global in its half and full year accounts – commencing FY2025
- Senetas Board to consider capital management options as cash proceeds from the Votiro transaction are realised

About Menlo Security Inc.

Menlo is a pioneer of secure enterprise browser solutions with over 1,000 global enterprises and government agencies relying on Menlo to provide a safe and secure browsing experience, on any browser or any device. It is trusted by major global businesses including 8 of the 10 largest financial institutions in the world, 24 Global Fortune 500 companies, and large government institutions in the U.S. and abroad.



Menlo announced on 1 October 2024 that it had surpassed US\$100 million in annual recurring revenue (ARR) and had achieved 50% growth in the previous 24 months. In the same announcement Menlo confirmed that it held US\$350M in total contract value and expected to be cash flow positive in 2025. Menlo had also achieved 110% in net revenue retention rate and grown its gross revenue retention by 97% in the previous 12 months.

Further detail about Menlo, its business operations, and the 1 October 2024 announcement can be found at <https://www.menlosecurity.com/>

Votiro operational review

Votiro operating revenue was up 66% to \$6.7 million driven primarily by growth in the Asia Pacific region. The Asia Pacific region remains the largest contributor to revenue and ARR.

Cost of sales grew similarly to revenue – up 56% - and gross margin was maintained at 92%

Efficiency initiatives throughout the period at Votiro saw a reduction of 15% in overhead expenses. Strong revenue growth and the benefit of the 15% reductions in overheads saw Votiro's loss before tax reduce by 41% to \$5.6 million. Votiro's net loss after tax reduced similarly to \$5.4 million.

\$2.4 million of Votiro's loss after tax was attributable to minority interests.

As forecast, Votiro reached a cash flow breakeven point for the month of December 2024.

Balance sheet and cash flow

Consolidated net assets at 31 December 2024 were negative \$6.0 million with cash on hand of \$8.8 million and no debt. The lower net assets at 31 December 2024 reflect the consolidation of the current period loss from Votiro, partly offset by the Senetas segment profit. At 31 December 2024 the Senetas segment had positive net assets of \$43.3 million (30 June 2024: \$41.5 million).

After a significant increase in contract and lease liabilities during FY2024, they remained stable in HY2025. Contract and lease liabilities primarily reflect payments received in advance from Votiro customers and movements in Senetas's prepaid maintenance contracts. These amounts will be reflected as revenue in future years as the relevant contract service periods mature.

The level of cash on hand at 31 December 2024 reflects the impact of the Senetas segment cash inflows, offset by the Votiro segment losses. Senetas operating cash outflows for HY2025 were \$1.0 million and Votiro cash outflows for the period were \$1.5 million.

Outlook

Commenting on the Company's outlook, Mr Wilson said: "We continue to expect good customer sales of Senetas products to be maintained through the remainder of FY2025 with customer sales pipeline growth through HY2025 providing solid momentum into the second half of FY2025.

"As forecast, Thales's inventory of Senetas products reduced by 29% in HY2025 which will continue to affect inventory transfers and top line revenue growth, however, higher gross margins, strong profitability and good cash flow should continue through the remainder of the year.

"There remain some significant sales opportunities in the Middle East market that may provide some upside to expected FY2025 revenue, however, because the timing of these opportunities remains uncertain and they generally have long lead times, they may not fall in FY2025.



"Overall, the outlook for the Senetas operating business remains strong, with good profit and cash flow expected to continue.

"The cash proceeds from the Votiro transaction, plus Senetas's ongoing exposure to Menlo, via the shares Votiro received as consideration for the transaction, have the potential to deliver substantial value to both Votiro and Senetas shareholders in future. As cash proceeds from the Votiro transaction are realised over time the Senetas board will consider all capital management options as appropriate."

Post HY2025 results briefing and Q&A

Senetas is proposing to release a video at the end of the week beginning 3 March 2025 in which CEO, Andrew Wilson, will provide a summary of the HY2025 results, an outline of the Votiro transaction, and answer key shareholder questions. Investors wishing to ask questions about Senetas's business performance and its HY2025 results can use the link below and Andrew will seek to answer as many of them as possible.

<https://investorhub.senetas.com/link/mepaor>

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ABOUT SENETAS CORPORATION LIMITED

Senetas is an Australian public company (ASX:SEN) specialising in cybersecurity solutions - from high-performance network encryption to secure file-sharing collaboration and anti-malware applications. Used by global commercial and technology enterprises and governments in more than 60 countries, Senetas solutions are distributed and supported internationally by Thales, the world's largest security company.

Senetas cybersecurity solutions are trusted to protect business, government, defence, national infrastructure, cloud and technology service provider data against breaches and prevent crippling cyber-attacks.

A global leader in the protection of data transported across the high-speed networks essential to businesses and governments, Senetas provides network independent encryption hardware and virtualised solutions. These share a crypto-agile and quantum ready cybersecurity platform.

Certified by leading independent authorities (Common Criteria, FIPS and NATO), Senetas encryptors leverage end-to-end encryption and state-of-the-art key management providing long-term data protection without compromising network performance.

Senetas's encrypted file-sharing and collaboration application, SureDrop, provides the information security and data sovereignty control essential in today's world of rapidly growing remote work. SureDrop has the usability of box-type file-sharing and other collaboration tools, but with the added benefits of Microsoft 365, Outlook and Azure integration. It may be deployed on premises or as a service provider Software as a Solution (SaaS).

Secure File Gateway by Votiro, a Senetas subsidiary, prevents crippling malware and zero-day attacks such as ransomware and viruses. Votiro's award-winning and patented technology prevents malicious file content through email, web downloads and other file gateways.

Senetas solutions have been trusted to protect much of the world's most sensitive information for more than 20 years. They are used to protect everything from government and defence secrets to intellectual property, financial transactions, citizen privacy to real-time CCTV networks and critical national infrastructure. Learn more at www.senetas.com

ABOUT VOTIRO

Votiro is a Zero Trust Content Security company trusted by industry leaders around the world to deliver billions of safe and compliant files to team members, vendors, and the customers that depend on them. Votiro's defense-in-depth solution provides organisations with proactive threat prevention, real-time privacy and compliance, and actionable data insights – at scale via an open-API.

Votiro is headquartered in Austin, TX, with offices in Australia, Israel, and Singapore. Votiro is SOC 2 Type II compliant and certified by the international standard of Common Criteria for Information Technology Security Evaluation (ISO/IEC 15408). Learn more at www.votiro.com