

29 August 2025

ASX ANNOUNCEMENT

Senetas Corporation Limited

Full Year Results for the year to 30 June 2025

MELBOURNE, AUSTRALIA – Senetas Corporation Limited (ASX: SEN) (Senetas / The Company), a global leader in defence grade high-assurance network encryption solutions, today announced its financial results for the year ended 30 June 2025. The results reflect a successful year of strategic transformation, culminating in the divestment of the Votiro business and a renewed focus on its profitable and cash-generative core network encryption operations.

A significant net profit for the period attributable to members of \$27.8 million was realised following the sale of the Votiro business in February 2025. This gain primarily reflects the positive accounting impact of removing Votiro's previously reported negative financial position (where its liabilities were greater than its assets) from the Company's balance sheet, with the sale consideration received in cash and shares in Menlo Security Inc (Menlo).

Highlights:

- Consolidated Senetas revenue of \$19.3 million – in line with expectations but below FY2024
- Senetas business operating profit before tax and non-cash impairments of \$3.4 million
- The Group reported an underlying net profit of \$1.5 million from its continuing operations attributable to members. However, the total reported net profit for the period attributed to members was a significant \$27.8 million
- Strong growth in cash balance and outlook has resulted in a capital management and reconstruction proposal to be put to Senetas shareholders at the 2025 AGM on 14 November 2025
 - Proposed initial equal capital reduction to return approximately \$2 million of capital to shareholders
 - Senetas is applying for a class ruling from the ATO to confirm the tax treatment of the payment to shareholders
 - Proposed 100:1 share consolidation
 - The Senetas Board will consider further capital management activity as cash builds above business requirements
- Senetas finishes FY2025 with:
 - A strong, profitable and cash generative outlook for the underlying Senetas operating business and a record high future sales pipeline
 - \$11.6 million of cash on hand at 30 June 2025 and no debt
 - An investment in Menlo Security Inc. currently valued at in excess of \$17.5 million

FY2025 CEO Commentary

Commenting on the year to 30 June 2025, Senetas CEO, Andrew Wilson, said: “FY2025 was a transformative year for Senetas. By successfully divesting the Votiro business, we have streamlined our operations and are now fully focused on our core network encryption business, which is profitable and cash generative, but have also retained an interest in the future success of Menlo and the Votiro business within it.

“We have finished the financial year in a strong cash position and with our largest-ever sales pipeline, which positions us exceptionally well for sustained growth in the years ahead.

“Our strong financial health and positive outlook have enabled the Board to propose a significant capital return to our shareholders, along with a share consolidation. This is a testament to our commitment to delivering value and our confidence in the future of the business. We are entering FY2026 with a clear strategy and a robust pipeline of opportunities.

“The Senetas Board will consider further capital management activity as cash from operations and further Votiro sales proceeds builds above business requirements.

“Our strong gross margin of 87% underscores the quality of our product and our market leadership in a niche but critical security sector. Despite some temporary headwinds in product sales during FY2025, our business fundamentals remain sound, and we are confident in our ability to convert our record sales pipeline into tangible revenue growth.”

FY2025 Summary Financials

Full year ended 30 June 2025 (\$000's)	FY2025	FY2024
Consolidated Continuing Operations		
Revenue from continuing operations	19,254	21,575
Materials and support services expense	(2,498)	(3,491)
Gross profit from continuing operations	16,756	18,084
<i>Gross margin</i>	<i>87%</i>	<i>84%</i>
Net profit before tax for continuing operations	338	2,026
Net profit after tax for continuing operations	204	1,560
Profit / (loss) from discontinued operations	45,070	(14,961)
Profit / (loss) for the period	45,274	(13,400)
Profit after tax for continuing operations attributable to members	1,526	2,274
Senetas Operating Segment		
Senetas segment revenue	19,254	21,575
Segment profit before tax including non-cash impairment of inv.	(4,562)	3,646
Operating profit before tax prior to impairment of investment	3,354	3,646

- Revenue from continuing operations was \$19.3 million (FY2024: \$21.6 million) with some temporary sales disruption during the year partially offset by growth in maintenance revenue
- Gross margin was 87% - up 3 percentage points with good product sales mix
- Profit before tax for the continuing business was \$0.3 million and the net profit after tax for continuing business attributable to members was \$1.5 million

- The profit from discontinued operations reflects the negative net assets disposed of on sale of the Votiro business during the year
- For the Senetas operating segment the net profit before tax excluding the non-cash impairment charge was \$3.4 million
- Including the non-cash impairment charge (that was eliminated on Consolidation) the Senetas business segment made a pre-tax loss of \$4.6 million
- Cash on hand at 30 June 2025 was \$11.6 million with no debt

Senetas operational review

Revenue in the Senetas operating segment for FY2025 was \$19.3 million. This was in line with expectations in accordance with the Senetas market update in early July 2025, but was lower than the prior period. Some large opportunities that were flagged at the HY2025 results which may have provided revenue upside were delayed. The timing of these opportunities is difficult to predict, however, we believe they will be realised over the next 18 months

Maintenance revenue was higher in FY2025 but product sales were lower than the prior period. Maintenance revenue represented just over half of total revenue. Lower product sales were affected by several factors, including disruption to the sales team at Senetas' global distribution partner following a recent business acquisition, some uncertainty surrounding US import tariffs, and customer budget restraints that caused delays in ordering.

On a regional basis, revenue in the Asia Pacific region was stable, and the North American region was slightly up on the prior year. However, revenue in the Europe, Middle East & Africa region was lower following the benefit Senetas received in FY2024 from its largest ever order that was completed late in that year.

The Senetas segment underlying operating profit before tax of \$3.4 million (before non-cash impairments) was strong despite the drop in sales revenue in FY2025, with a 3% expansion in gross margin and cost control largely offsetting the lower product sales. The operating outlook for FY2026 looks positive with Senetas holding its largest ever sales pipeline as it enters the new financial year.

The key focus of R&D activities for Senetas in FY2025 included ongoing product certifications to both renew existing approvals and to enhance access to new markets and security classifications; further development of post quantum encryption capabilities; continued development of sovereign encryption capabilities which are unique and address a gap in the market; and product enhancements to reinforce Senetas' product capabilities and competitive advantages.

One of the key priorities for Senetas in FY2025, and continuing into FY2026, is to expand the addressable market for its security solutions. These initiatives have a number of aspects including:

- Expanding and upgrading of security certifications in order to grow the use cases for Senetas products and to access markets where Senetas has not previously operated;
- Utilising the growing footprint of its global distribution partner (Thales) to expand access to geographic markets where our presence to date has been relatively limited e.g. South America, Asia Pacific;
- Product development such as quantum readiness, enhanced customisation capabilities, virtualisation etc; and

- Implementing new customer requests to provide bespoke products utilising country specific sovereign encryption algorithms.

Each of these developments presents significant opportunities for Senetas, however, there are a number of challenges in realising their full benefits, and they can often have very long lead times. However, Senetas is optimistic that some will begin to contribute additional revenue to the business towards the end of FY2026.

Capital Management

A strong balance sheet and positive cash flow outlook have led the Senetas board to consider the capital structure of the Company and some initial near-term capital management initiatives.

The Senetas cash balance at 30 June 2025 was \$11.6 million, with a positive operating cash flow outlook and further cash to be received by the company over the next 6 months following completion of the Votiro transaction. As a result the board is recommending shareholders approve a capital return at the 2025 AGM.

The proposal to be put to the 2025 AGM is for Senetas to conduct an equal capital reduction to return approximately \$2 million of capital to shareholders. Senetas is applying to the ATO for a class ruling to confirm whether the payment to shareholders can be treated as a return of capital rather than income in the hands of shareholders.

Also to be put to the 2025 AGM is a proposal for a 100:1 share consolidation, being the consolidation of every 100 fully paid ordinary shares into 1 fully paid ordinary share. Senetas currently has in excess of 1.6 billion fully paid ordinary shares on issue and the proposal would result in the number of shares on issue reducing to just over 16 million fully paid ordinary shares. Fractional entitlements to a share would be rounded down to the nearest whole number of shares.

Further information in relation to the capital structure and capital management proposals will be made available to shareholders in advance of the 2025 AGM which is scheduled for November 2025. Appendix 3A.3 and 3A.4 disclosures in relation to the proposed share consolidation and cash return of capital have been released to ASX concurrently with this report.

The Senetas board will continue to monitor the Company's cash flow outlook and review any opportunities for additional capital management activity as cash levels build above business requirements.

Impact of Votiro Sale on FY2025 Results

The Group reported an underlying net profit of \$1.5 million from its continuing operations attributable to members. However, the total reported net profit for the period attributed to members was a significant \$27.8 million for the reasons outlined below.

The significant net profit for the period attributed to members of \$27.8 million was realised following the sale of the Votiro business in February 2025. This outcome primarily reflects the positive accounting impact of removing Votiro's previously reported negative financial position – where its liabilities exceeded its assets – from Senetas's consolidated balance sheet.

The transaction consideration comprised both cash and shares in Menlo Security Inc. The sale eliminated Votiro's net asset deficiencies and resulted in a profit from discontinued operations of \$45.1 million for the year. In effect, by divesting a business segment that carried

a negative net asset position, Senetas removed this financial burden and recorded a substantial gain.

The total estimated consideration for the Votiro divestment is approximately US\$33 million, subject to final adjustments, including the value of Menlo shares and one customer contract renewal. As at 30 June 2025, Senetas's investment in Menlo Security Inc. was valued at over \$17.5 million, representing approximately 1.7% of Menlo's total issued shares. Additional cash and share components are expected to be received in the December 2025 and March 2026 quarters.

This strategic transaction has allowed Senetas to streamline its operations, strengthen its cash position, and focus exclusively on its profitable and cash-generative core network encryption business, positioning the Company for sustained growth.

Balance sheet and cash flow

Consolidated net assets for Senetas at 30 June 2025 were \$46.7 million (or 2.41 cents per share) with cash on hand of \$11.6 million and no debt.

The consolidated net assets at 30 June 2025 includes an amount of \$7.8 million (consideration receivable) that reflects the current estimate of cash expected to be received by VGM from Menlo in the December 2025 and March 2026 quarters in relation to the sale of Votiro. Another amount (financial asset at FVTPL) of \$30.8 million reflects the current value of the Menlo shares VGM has already received in relation to the sale of Votiro, plus the additional shares it is expecting to receive from Menlo in the same period.

The level of cash on hand at 30 June 2025 includes the first instalment of cash received from Menlo in June 2025.

Outlook

Commenting on the Company's outlook, Mr Wilson said: "With the Votiro transaction now largely behind us, Senetas enters FY2026 with a simplified business structure, increased focus on our core business, our largest ever sales pipeline, and significant growth opportunities.

"The key areas of focus for Senetas in FY2026 includes maximising our opportunities with AUKUS, Defence in Europe, and other key prospects being explored in the Asian and South American markets. The lead times on these opportunities are long and their timing, if they are realised, is uncertain, however, Senetas expects that some of them may begin to contribute to revenue towards the end of FY2026.

"With this momentum we expect the Senetas operating business revenue and profit to grow in FY2026.

"Our strong cash balance, profitable and cash generative outlook for the underlying Senetas operating business, and further cash realisations from the Votiro sale over time are expected to provide the Senetas board with the capacity to consider ongoing capital management opportunities, and our indirect investment in Menlo Security Inc. shares represents a significant growth asset that is expected to create increasing value for Senetas shareholders."

Senetas Board Update

Appointment of Executive Chairman: The Board has resolved to appoint the current Non-Executive Chairman, Mr. Francis Galbally, as Executive Chairman effective 1 September

2025. This means Mr. Galbally will assume an executive role in addition to his duties as Chairman.

Appointment of Lead Independent Director: To uphold robust governance standards, the Board will appoint Mr. Ken Gillespie as the Lead Independent Director (also known as Senior Independent Director) effective 1 September 2025. Mr. Gillespie, an existing independent Non-Executive Director, and who rose to the rank of Lieutenant General and commander of the Australian Army, will provide independent leadership on the Board and act as a check-and-balance to the Executive Chairman role.

The decision to redefine the Chairman's role (from non-executive to executive) was taken after careful consideration of the Company's current needs and circumstances. The Board believes this arrangement will best position the Company to capitalise on upcoming opportunities and drive strategic objectives. Key factors influencing this decision include a desire to maintain a lean executive team; Mr Galbally's unique experience and established customer relationships; and complementing the CEO's role with an additional focus on strategic partnerships and high-level customer and stakeholder engagement.

The Board acknowledges that having an Executive Chairman is a departure from the ASX Corporate Governance Council's '*Corporate Governance Principles and Recommendations (4th edition)*' regarding independent leadership of the Board.

A key safeguard is the designation of Mr. Ken Gillespie as Lead Independent Director. Mr. Gillespie's appointment will ensure that independent oversight and leadership are preserved on the Board. His responsibilities in this role will include acting as Alternate Chair when required, including whenever Mr. Galbally may be conflicted; he will assist the Board in reviewing the performance of the Chairman; and Mr. Gillespie will also provide shareholders with a separate channel of communication to the Board.

The Board will keep shareholders and stakeholders informed of these changes and will provide full disclosure (with 'if not, why not' explanations) in the Company's Corporate Governance Statement to satisfy ASX governance requirements.

Post FY2025 results briefing and Q&A

Senetas is proposing to release a video at the end of the week beginning 1 September 2025 in which CEO, Andrew Wilson, will provide a summary of the FY2025 results, and answer key shareholder questions. Investors wishing to ask questions about business performance and the Senetas FY2025 results can use the link below and Andrew will seek to answer as many of them as possible.

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

END

For further information please contact:

Investors

Chris Knorr
M: +61 417 033 623
E: chris.knorr@senetas.com

Media

Andrea Van Unen-Smith
M: +61 402 772 257
E: andrea.vanunensmith@senetas.com

ABOUT SENETAS CORPORATION LIMITED

Cutting-edge encryption built for a quantum future

Senetas is an Australian cybersecurity pioneer dedicated to safeguarding the world's most vital data streams. For more than 25 years, we have powered defence-grade secure, high-speed network communications for governments, defence agencies and leading enterprises in over 60 countries. Our journey began when we solved a critical encryption challenge for an Australian government law enforcement team, setting us on a path of constant innovation that has now spanned over two and a half decades.

Shortly after Senetas was established, the US Government and defence agencies came to us to solve their own high-speed data network encryption issues. They remain among our most loyal customers alongside national security agencies, critical infrastructure providers and leading enterprises in sectors such as defence, government, finance and cloud services.

Significant industry firsts include the development of the world's first quantum-resistant encryption (QRE) solution to the launch of the ultra-fast CN9000 Series – the first commercially available 100Gbps encryptor supporting fully meshed network topologies.

Today, our portfolio comprises advanced encryption systems – both in robust hardware and versatile virtual formats – and secure file-sharing and collaboration software. Certified by leading authorities such as Common Criteria, FIPS and NATO, our solutions not only protect against today's threats but are also built with end-to-end security and to withstand the future challenges of quantum computing. Designed for crypto-agile performance, without compromising speed or user experience, our solutions can be customised to accommodate sovereign encryption requirements.

Our technology is trusted by customers in some of the world's most demanding environments, ranging from military and government communications to financial institutions and manufacturing that rely on certified encryption to comply with global regulations. Whether it's securing battlefield communications, protecting sensitive intellectual property or ensuring seamless, high-speed file sharing, Senetas delivers uncompromising protection with innovative ease.

Partnered with Thales – a global leader in advanced technologies – we offer global support and distribution, ensuring our clients receive responsive, world-class service wherever they are. From our humble beginnings next to a motor mower shop in suburban Melbourne, Australia, to becoming an internationally recognised name in cybersecurity innovation, Senetas remains committed to making digital communications safer, faster and more resilient in an ever-changing threat landscape.