



Senetas Corporation Limited

2025 Half Year Results – 28 February 2025

HY2025 Group Highlights

- Votiro sale to Menlo Security Inc. announced on 20 February 2025 – Votiro operating results continue to be consolidated into Senetas results for HY2025
- Good growth in consolidated group revenue – up 22%
 - Senetas operating revenue was up 2% with a higher portion of 3rd party sales and lower inventory transfers
 - Votiro operating revenue was up 66%
- Senetas segment profit before tax was up 31% to \$1.9 million and gross margins were up to 87%
- Votiro segment loss before tax was down 41% to \$5.6 million as a result of both higher revenue and lower costs
- Net loss after tax attributable to members was down 64% to \$1.4 million driven by good growth in Senetas profit and a substantially lower Votiro loss
- Consolidated group cash on hand at 31 December 2024 was \$8.8 million with no debt

HY2025 Summary Statutory Financials

Half year ended 31 December 2024 (\$'000's)	HY2025	HY2024
Revenue from ordinary activities		
- Senetas	9,531	9,346
- Votiro	6,865	4,144
Total Group Revenue	16,396	13,490
EBITDA		
- Senetas	1,278	1,464
- Votiro	(3,682)	(4,321)
Group EBITDA	(2,404)	(2,857)
Net profit (loss) before tax		
- Senetas	1,868	1,426
- Votiro	(5,597)	(9,511)
Group net profit (loss) before tax	(3,729)	(8,085)
Net profit (loss) after tax attributable to members	(1,393)	(3,868)
Cash and cash equivalents	8,801	11,687

Outlook

- Continue to expect good customer sales of Senetas products to be maintained through the remainder of FY2025
- Customer sales pipeline growth through HY2025 provides solid momentum into late FY2025
- Thales inventory reduced by 29% in HY2025 – which will continue to affect inventory transfers and top line revenue growth, however, higher gross margins and good cash flow should continue
- Some key sales opportunities in the Middle East may provide upside to expected FY2025 revenue, however, the timing of these opportunities remains uncertain and have long lead times so may not fall in FY2025
- 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
- Capital management options to be consideration by the Senetas board as cash proceeds from the Votiro transaction are realised
- Overall, the outlook for the Senetas operating business remains strong, with good profit and cash flow expected to continue

HY2025 SENETAS SEGMENT



HY2025 Highlights – Senetas Segment

- Senetas segment reported revenue in HY2025 was up 2% to \$9.5 million
 - Good growth in customer sales of Senetas products & services by Thales was offset by lower inventory transfers as Thales reduced inventory 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 was the first period of maintenance payments related to the large Middle Eastern deal that was closed in late FY2024
- Senetas segment gross profit was \$8.3 million and gross margins were 89%
- 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 HY2025 results
- Expenditure on R&D was in line with the prior period
- Senetas segment net assets at 31 December 2024 were \$43.3 million (FY2024: \$41.5 million)

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

HY2025 Senetas Operations

- With the global component shortages now having eased, Senetas's inventory holdings have stabilised, and Thales's inventory of Senetas products has reduced (down 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
- Core R&D projects in HY2025 included the ongoing upgrades to Senetas's 10Gbps encryptors, the new version of the 100Gbps encryptor & re-certification that is required in the North American market
- Proof of Concept trials using Senetas encryption embedded on Autonomous Vehicles (Drones) are continuing – no significant developments at this stage, however, the platform agility we have demonstrated is leading to numerous other opportunities in the tactical domain
- Senetas is also working with a US multinational company with regard to potential AUKUS projects

HY2025 VOTIRO



HY2025 Financials – Votiro



- 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 & ARR
- Cost of sales grew similarly to revenue – up 56%
- Gross Margin was 92%
- Efficiency initiatives at Votiro saw a reduction of 15% in overheads
- 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

Votiro sale



- The underlying Votiro business becoming part of Menlo Security represents a significant opportunity to accelerate the growth of the 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 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 moving forward
- 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 have a number of large customers in common

Votiro sale



Key Transaction Details

- Sale of the Votiro operating business to Menlo Security Inc. (Menlo) was announced on 20 February 2025
- 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 55.7% shareholding in Votiro Cybersec Global. Currently, Senetas holds a 57.8% shareholding as a result of unvested employee options expiring
- Transaction proceeds 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 customer contracts

Key Transaction Details (con't)

- Initial consideration expected to be received by Votiro Cybersec Global in April/May 2025
- 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
- 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 ARR and achieved 50% growth in the previous 24 months. In the same announcement it confirmed that it held US\$350M in total contract value and expected to be cash flow positive in 2025
- It had also achieved 110% in net 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/>

KEY FINANCIALS



HY2025 Consolidated Senetas Group Financials

Half year ended 31 December 2024 (\$'000's)	HY2025	HY2024
Revenue from ordinary activities	16,396	13,490
Gross profit	14,591	12,133
Gross Margin %	89%	90%
Other income	106	59
Depreciation & amortisation	(1,121)	(1,595)
Profit (loss) before tax	(3,729)	(8,085)
Tax (expense)/benefit	(82)	149
Net profit (loss) after tax	(3,811)	(7,937)
Net profit (loss) after tax attributable to members	(1,393)	(3,868)

- Group revenue was 21.5% higher with Senetas segment revenue up 2% and Votiro segment revenue up 66%
- Net cash loss attributable to members after adjusting for non-cash items was down 64% to \$1.4 million
- Consolidated gross margins were similar to the prior period

Senetas Operating Segment Results

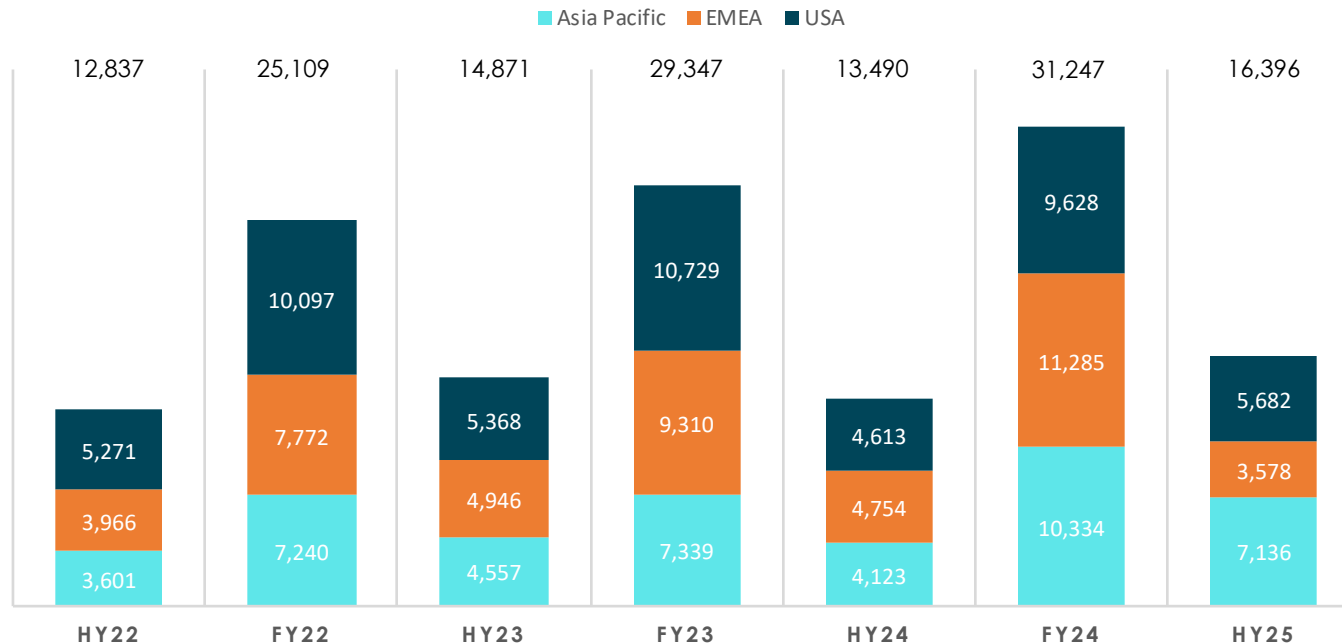
Half year ended 31 December 2024 (\$'000's)	HY2025	HY2024
Revenue from ordinary activities	9,531	9,346
Gross profit	8,267	8,335
Gross Margin %	87%	89%
Other income	106	59
Depreciation & amortisation	(291)	(322)
Profit before tax	1,868	1,426
Profit after tax	1,619	1,315

- Senetas segment reported operating revenue was 2% higher than the prior period
- Variable consideration* had no material effect on the results for FY2025
- Gross profit marginally below the prior period reflects a slightly higher percentage of lower margin smaller encryption units sold
- Reported PBT was up 31% with lower margin inventory transfers a smaller part of Senetas revenue in HY2025
- At 31 December 2024 the Senetas segment had positive net assets of \$43.3 million (30 June 2024: \$41.5 million)

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

Consolidated Group Operating Revenue

REVENUE BY REGION



- HY2025 group revenue up 21.5% over HY2024 with 66% revenue growth in the Votiro business segment
- Senetas segment revenue up 2% over the prior period with lower inventory transfers offset by profit share from customer sales
- Maintenance and subscription revenue was 74% of total group, reflecting the strong growth in Votiro revenue

Cash Flow

Summary Cash Flow Statement

Half year ended 31 December 2024 (\$'000's)	HY2025	HY2024
Receipts from customers	15,361	15,301
Tax refund/(paid)	(16)	(22)
Payments to suppliers & employees	(17,907)	(19,607)
Operating cash flows	(2,453)	(4,268)
Investing cash flows	(300)	(119)
Financing cash flows	1,846	6,376
Cash and cash equivalents at 31 December 2024	8,801	11,687

- Receipts from customers were similar to the prior period and a little below reported group revenue
- Lower payments to suppliers and employees primarily reflects lower encryption manufacturing costs as a result of Senetas's lower inventory transfers to Thales during the period
- Movement in cash on hand reflects the Senetas segment profits since December 2023 and the capital raised by Senetas late in the first half of FY2024, offset by Votiro's losses since December 2023
- \$8.8 million of cash on hand at 31 December 2024 and no debt

Balance Sheet

Summary Balance Sheet

Half year ended 31 December 2024 (\$'000's)	HY2025	FY2024
Cash and cash equivalents	8,801	9,421
Trade and other receivables	12,361	11,738
Inventories	4,639	4,308
Goodwill & intangible assets	4,377	5,295
Total assets	33,820	34,937
Trade and other payables	(6,075)	(5,511)
Contract & lease liabilities	(25,906)	(25,601)
Total liabilities	(39,845)	(36,533)
NET ASSETS	(6,025)	(1,595)

- Slightly lower cash at December 2024 compared to June 2024 reflects the Senetas profits offset by Votiro losses through HY2025. Senetas continues to have no debt.
- Contract & lease liabilities primarily reflects payments 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 (adjusted for the sale of Votiro)
- Inventory on hand was slightly higher due to lower Senetas inventory transfers to Thales as Thales (as forecast) lowered its inventory holding towards more historic levels post electronic component shortage

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