



Senetas Corporation Limited

2024 Full Year Results – 30 August 2024

FY2024 Group Operational Highlights

- Strong growth in sales to customers of Senetas hardware products
 - Senetas sales to customers by (global distribution partner) Thales were up over 100% compared to the prior period, and the number of units shipped to end customers was up 48%
 - Achieved largest value sale in the Company's history to Thales for a Middle East Government customer
- Senetas segment adjusted profit before tax was up 63% to \$3.6 million after eliminating the impact of Variable Consideration (refer slides 17 & 18)
- Votiro revenue growth of 25% in FY2024 and annual recurring revenue (ARR) grew to US\$10.4 million – up over 49% from August 2023
 - Successful launch of Votiro's new DDR product in the second half of FY2024 – with a current sales pipeline of US\$3.5 million already built
 - Votiro's total sales pipeline currently sits at over US\$35 million
- Senetas successful placement and entitlement offer in December 2023 to raise \$5 million
- Cash on hand at 30 June 2024 was \$9.4 million

FY2024 Group Financial Highlights

- Consolidated group operating revenue was \$31.2 million (up 6.5%) with good growth in Votiro segment revenue
 - Reported Senetas segment operating revenue was similar to the prior year (down 0.3%), however, after adjusting for Variable Consideration it was up 6.8%
 - Votiro operating revenue was up 25%
- Consolidated gross profit was up 12.6% to \$27.0 million with gross margins up 4 percentage points to 86%
- Senetas segment profit before tax was \$3.6 million – adjusted for Variable Consideration Senetas segment profit before tax was up 63% over FY2023
- Votiro ARR was US\$10.4 million – up 49% from August 2023
- Group net loss before tax was \$13.5 million (which includes the Votiro net loss before tax of \$17.i million – which includes \$3.5 million of non-cash items)
- Group net loss after tax attributable to members was \$6.1 million (net cash loss after adjusting for non-cash items was \$3.4 million)

FY2024 Summary Statutory Financials

Full year ended 30 June 2024 (\$000's)	FY2024	FY2023
Revenue from ordinary activities		
- Senetas	21,575	21,640
- Votiro	9,672	7,707
Total Group Revenue	31,247	29,347
EBITDA		
- Senetas	3,368	3,880
- Votiro	(13,623)	(14,905)
Group EBITDA	(10,254)	(11,025)
Net profit (loss) before tax		
- Senetas	3,646	3,791
- Votiro	(17,099)	(17,892)
Group net profit (loss) before tax	(13,453)	(14,173)
Net profit (loss) after tax attributable to members	(6,107)	(7,314)
Cash and cash equivalents	9,421	9,814

Outlook

- Strong customer sales of Senetas products to be maintained in FY2025
 - Good sales pipeline growth in the June quarter provides solid momentum into FY2025
 - A more significant reduction in Thales inventory is likely in FY2025 – which means lower inventory transfers and therefore a negative impact from Variable Consideration
 - We expect end customer sales in FY2025 (adjusting for Variable Consideration) to be maintained at a similar level to FY2024
 - Some key sales opportunities in the Middle East may provide upside to expected FY2025 revenue, however, these opportunities remain uncertain and have long lead times so may not fall in FY2025
 - In process of shipping largest order by volume via Thales for a new North African Government customer
- Votiro growth momentum expected to continue in FY2025
 - Pipeline continues to grow and the new DDR product has already made a significant contribution to that pipeline in its first few months – significantly enhancing opportunities in North American market
 - APAC remains the largest market and most of the largest opportunities in the near term are there
 - Cash flow breakeven target for Votiro remains the end of calendar year 2024, thereby limiting the financial support required from its shareholders

FY2024 SENETAS SEGMENT



FY2024 Highlights – Senetas Segment

- Senetas segment reported revenue in FY2024 was similar to the prior period
 - Strong growth in customer sales of Senetas products and services by Thales was offset by lower inventory transfers and the related negative adjustment to Variable Consideration
 - Senetas units sold by Thales to end customers were up 48% in FY2024
 - Revenue from those sales by Thales was up over 100%, with one of the key drivers being Senetas's largest ever single sales transaction to a customer in the Middle East during the second half of FY2024
- Senetas segment gross profit was up 7.2% to \$18.1 million and gross margin increased 6 percentage points to 84%
- Senetas segment profit before tax after adjusting for Variable Consideration increased by 63% (refer slides 17-18)
- Senetas segment reported profit before tax was similar to the prior period at \$3.6 million (FY2023: \$3.7 million)
 - Increases in operating expenses offset a higher gross profit – the key driver was increased certification costs required to continue selling encryptors to North American government agencies

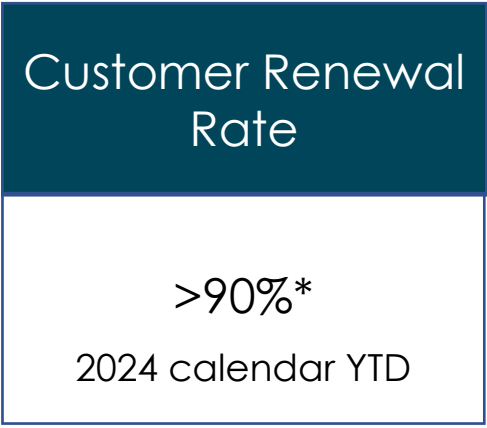
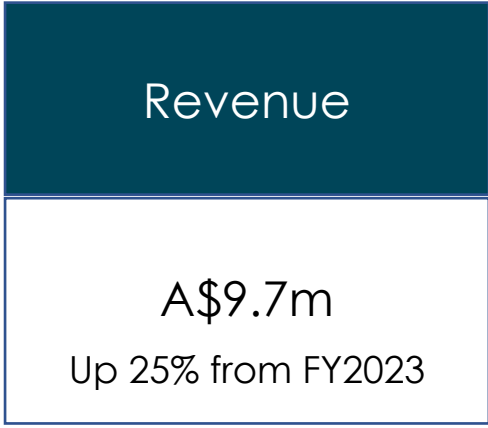
FY2024 Senetas Operations

- Strong growth in customer demand for Senetas encryptors included the largest single sale in company history
 - 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
- With the global component shortages now having eased, Senetas's inventory holdings have begun to reduce, and Thales inventory has stabilised
 - We expect both Thales and Senetas inventory levels will return towards more historic levels over the next 12-24 months
- The Senetas sales pipeline grew significantly through the 2023 calendar year but moderated during the second half of FY2024 as sales transactions were completed. 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 & re-certification required in North America
 - Senetas has also conducted some Proof of Concept trials using Senetas encryption embedded on Autonomous Vehicles. Further work is underway to open what could be a new market for the company's technology

FY2024 VOTIRO



FY2024 Highlights – Votiro



* Customer renewal rate excluding the impact from the de-prioritized legacy Japanese business is >95%

FY2024 Financials – Votiro



- Votiro operating revenue was up 25% to \$9.7 million driven primarily by growth in the Asia Pacific region – the Asia Pacific region remains the largest contributor to revenue & ARR
- Votiro ARR was US\$10.4 million – up 49% from August 2023 – with growth in all regions
 - Total contract value was just over US\$33 million, up over 50% since Aug 2023
- Votiro's total sales pipeline was over US\$35 million at July 2024
- Over 70 new customers and 'upsell' deals have been signed by Votiro since the beginning of the 2023 calendar year – including 30 of which that have been signed in the 2024 calendar year to date
- Votiro FY2024 loss after tax was \$16.6 million (FY2023: \$17.4 million) – 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

Votiro operations



- Votiro launched its new data detection and response (DDR) capability in the second half of FY2024 (refer slide 13). This represents a major new opportunity, particularly for the North American market
- Whilst DDR sales are only at the early stage, customer feedback has been very positive and US\$3.5 million of sales pipeline had already been built by July 2024
- Good growth in sales pipeline, ARR, revenue and cash flow through FY2024, but transaction lead times remain longer than expected on some larger transactions
 - Customer project delays, 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 in technology trials against its competitors, and is confident of strong growth into FY2025
- Overall customer renewal rate remained at >90%. Excluding the impact from Votiro's decision to discontinue support for some low margin end of life products in the Japan market the customer renewal rate was >95%

Votiro DDR

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

VOTIRO

Market Need

Votiro Reshapes How Unstructured Data is Safeguarded

Data Detection and Response (DDR)

- Provides comprehensive visibility into how unstructured data is used
- Eliminates malware threats hidden within files
- Real-time privacy insights to personal, health, and payment data
- Monitoring and disarm leads to continuously improved security posture

Zero Trust

- All unstructured data is assumed to be a threat, from any sources
- Threat disarming technology provides 100% known safe content
- Analytics and reporting confirms safety and compliance

... at the speed of business

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VOTIRO 

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KEY FINANCIALS



FY2024 Consolidated Senetas Group Financials

Full year ended 30 June 2024 (\$000's)	FY2024	FY2023
Revenue from ordinary activities	31,247	29,347
Gross profit	27,020	23,990
Gross Margin %	86%	82%
Other income	182	437
Depreciation & amortisation	(3,119)	(3,187)
Profit (loss) before tax	(13,453)	(14,173)
Tax (expense)/benefit	53	(15)
Net profit (loss) after tax	(13,400)	(14,187)
Net profit (loss) after tax attributable to members	(6,107)	(7,314)

- Group revenue was 6.5% higher with Senetas segment revenue down 0.3% and Votiro segment revenue up 25%
- Net cash loss attributable to members after adjusting for non-cash items was \$3.4 million
- Consolidated gross margins were ahead of the prior period driven by higher margins in the Senetas segment as a result of a lower portion of revenue from inventory transfers to Thales, and 25% growth in the higher margin Votiro segment

Senetas Operating Segment Results

Full year ended 30 June 2024 (\$000's)	FY2024	FY2023
Revenue from ordinary activities	21,575	21,640
Gross profit	18,084	16,871
Gross Margin %	84%	78%
Other income	182	437
Depreciation & amortisation	(594)	(732)
Profit before tax	3,646	3,719
Profit after tax	3,181	3,175

- Senetas segment reported operating revenue was similar to the prior period
- Adjusting for Variable Consideration (refer slides 17–18) Senetas segment revenue was up 6.8%
- Higher gross profit reflects lower cost of sales as inventory began to return to more normal levels post the component shortages, and higher end customer sales via Thales
- Reported PBT was in line with FY2023, but adjusted for Variable Consideration Senetas PBT in FY2024 was up 63%, reflecting strong growth in end customer sales

Impact of Variable Consideration (AASB15)

- AASB15 has applied to Senetas's results since FY2019 (only the Senetas business segment has been impacted by Variable Consideration to date)
- It requires the company to estimate and recognise the revenue expected to be earned from customer contracts in the future, rather than waiting for the actual end sale before recognising the revenue
- The practical effect of this for Senetas is that it must recognise in a reporting period the revenue expected to be generated from the inventory held by Thales in the period in which the inventory is originally purchased by Thales, before it is on-sold to customer
- Generally, as Thales's inventory of Senetas products grows, AASB15 will increase Senetas's reported revenue, and as Thales's inventory declines it will reduce Senetas's reported revenue.
- The tables on the following slide highlight the impact of the Variable Consideration adjustments to Senetas segment revenue and PBT over recent financial years

Impact of Variable Consideration (AASB15)

Senetas operating segment – impact of AASB15 (Variable Consideration) on YoY growth rates for FY2024

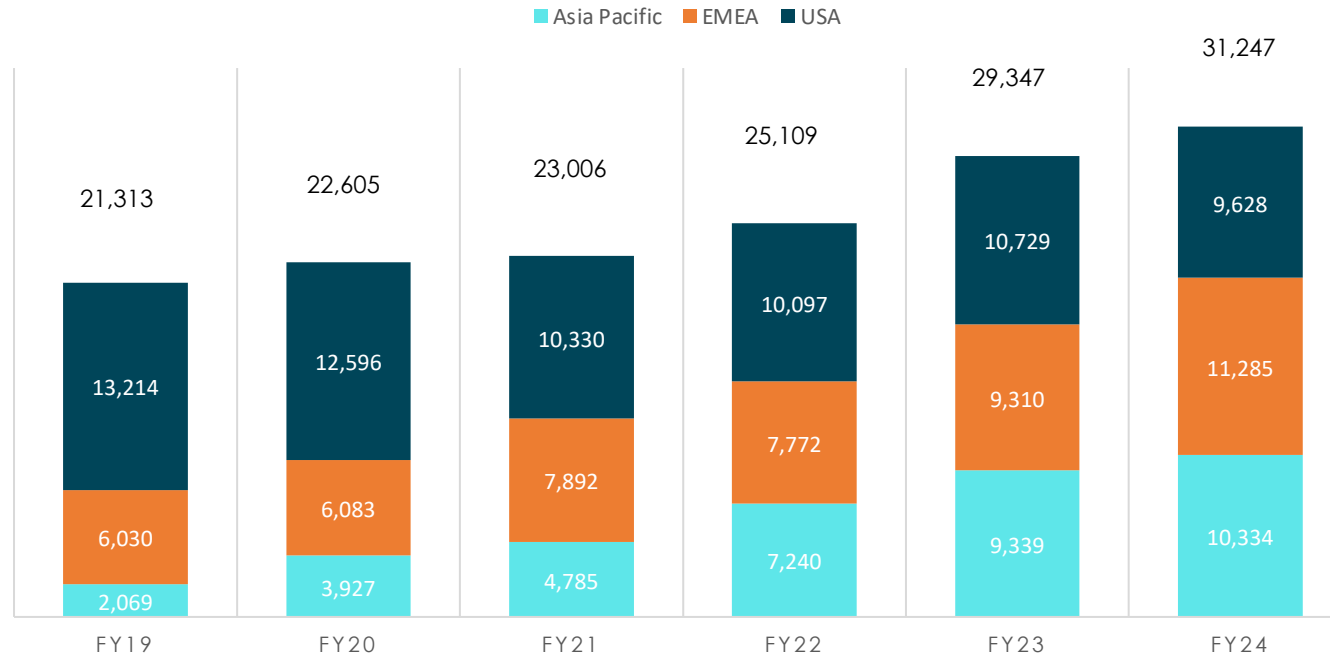
Full years ended 30 June (\$'000's)	FY2024	FY2023	Difference	%
Senetas segment reported revenue	21,575	21,640	(65)	(0.3)
<i>Variable Consideration per AASB15</i>	(51)	(1,494)	(1,443)	(96.6)
Adjusted Revenue	21,524	20,146	1,378	6.8
Senetas segment profit before tax	3,671	3,719	(48)	(1.3)
<i>Adjustment for Variable Consideration</i>	(51)	(1,494)	(1,443)	(96.6)
Profit before tax adjusted for Variable Consideration	3,620	2,225	1,395	62.7

Senetas operating segment – impact of AASB15 (Variable Consideration) on reported financials since FY2020

Full years ended 30 June (\$'000's)	FY2024	FY2023	FY2022	FY2021	FY2020
Senetas segment reported revenue	21,575	21,640	19,332	19,834	19,790
<i>Variable Consideration per AASB15</i>	(51)	(1,494)	(967)	91	(82)
Adjusted Revenue	21,524	20,146	18,365	19,925	19,708
Senetas segment profit before tax	3,671	3,719	1,907	3,376	4,051
<i>Adjustment for Variable Consideration</i>	(51)	(1,494)	(967)	91	(82)
Profit before tax adjusted for Variable Consideration	3,620	2,225	940	3,467	3,969

Operating Revenue

REVENUE BY REGION



- Group revenue up 6.5% with 25% revenue growth in the Votiro business segment
- Reported Senetas segment revenue in line with the prior period – adjusted for the impact of Variable Consideration Senetas segment revenue was up 6.8%
- Maintenance and subscription revenue was 59% of total group, up slightly from the prior period

Cash Flow

Summary Cash Flow Statement

Full year ended 30 June 2024 (\$000's)	FY2024	FY2023
Receipts from customers	32,081	32,288
Tax refund/(paid)	(290)	287
Payments to suppliers & employees	(39,040)	(40,116)
Operating cash flows	(6,488)	(7,417)
Investing cash flows	(156)	(442)
Financing cash flows	6,174	6,600
Cash and cash equivalents at 30 June 2024	9,421	9,814

- Receipts from customers were similar to the prior period and in line with reported 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 profit and the capital raised by Senetas late in the first half of FY2024, offset by Votiro's losses in the period

Balance Sheet

Summary Balance Sheet

Full year ended 30 June 2024 (\$000's)	FY2024	FY2023
Cash and cash equivalents	9,421	9,814
Trade and other receivables	11,738	6,005
Inventories	4,308	5,322
Goodwill & intangible assets	5,295	7,790
Total assets	34,937	31,665
Trade and other payables	(5,511)	(4,816)
Contract & lease liabilities	(25,601)	(17,760)
Total liabilities	(36,533)	(25,343)
NET ASSETS	(1,595)	6,322

- Slightly lower cash reflects the Senetas profits and the Dec 2023 capital raise offset by Votiro losses
- Increase in 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
- Inventory on hand was lower as shorter component supply lead times allowed Senetas to begin lowering inventory levels back towards more historic levels

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