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Senetas Corporation Limited

Full Year Results for the year to 30 June 2025

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Highlights

- 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 attributable to members was a significant $27.8 million
  - The 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
- Consolidated Senetas revenue of $19.3 million – in line with expectations but below FY2024
- Senetas business operating profit before tax and non-cash impairment of $3.4 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
  - 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 business and a record high future sales pipeline
  - $11.6 million of cash on hand at 30 June 2025 and no debt
  - An indirect investment in Menlo Security Inc. valued at in excess of $17.5 million

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Senetas summary continuing operations 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
Gross Margin	*87%*	*84%*
Profit before tax for continuing operations	338	2,026
Profit after tax for continuing operations	204	1,560
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

Outlook

- Simplified business structure in FY2026 after completion of the Votiro transaction
- Senetas enters FY2026 with its largest ever sales pipeline
- The Senetas operating business revenue and profit are expected to grow in FY2026 off the back of higher sales and increased focus on key growth markets
- FY2026 areas of focus include maximising the Senetas AUKUS opportunity, Defence opportunities in Europe, and other key opportunities being explored in the Asian and South American markets
    - The lead times on these significant opportunities are long and 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
- A strong cash balance, profitable and cash generative outlook for the underlying Senetas operating business, and further cash realisations from the Votiro sale are expected to provide the Senetas board with the capacity to consider ongoing capital management opportunities
- Indirect investment in Menlo Security Inc. shares represents a significant growth asset that is expected to create increasing value for Senetas shareholders

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Senetas operations

Senetas segment financials

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- Senetas segment revenue was $19.3 million – in line with expectations but lower than the prior period (FY2024: $21.6 million). 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 continue to actively work on them and believe they have a good chance of being 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
- Revenue in the Asia Pacific region was stable, and the North American region was slightly up on the prior year. Revenue in the Europe, Middle East & Africa region was lower following the largest ever order for Senetas products being completed late in FY2024
- Lower product sales for Senetas were affected by:
  - Disruption to the sales teams at its global distribution partner as it reorganised following a recent business acquisition
  - Some uncertainty surrounding US import tariffs
  - Customer budget restraint causing delays in ordering
- 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, and the outlook for FY2026 is encouraging

Senetas operations

- Key focus of R&D activities 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 – these capabilities are unique and address a gap in the market
  - Product enhancements to reinforce the Senetas product capabilities and competitive advantages
- A priority for Senetas in FY2025 and continuing into FY2026 is to expand the addressable market for the Company's 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 our global distribution partner (Thales) by expanding our presence in geographic markets where to date we have had limited success
  - Product development such as quantum readiness, enhanced customisation capabilities, virtualisation etc
  - Implementing new customer requests to provide bespoke products utilising country specific sovereign encryption algorithms

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Capital management

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Capital management proposals

- A strong balance sheet and cash flow outlook for Senetas have led the board to consider the capital structure of the company and some 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 a capital return be approved by shareholders 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 forwarded to shareholders in advance of the 2025 AGM which is due in November 2025. Appendix 3A.3 and 3A.4 disclosures have been released to ASX concurrently with this presentation
- The Senetas board will continue to monitor the Company's cash flow outlook and review any opportunities for additional capital management activity as appropriate

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Votiro sale

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

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Key financials

FY2025 Consolidated Financials

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Full year ended 30 June 2025 ($000's)	FY2025	FY2024
Revenue from ordinary activities	19,254	21,575
Gross profit	16,756	18,084
Gross Margin %	*87%*	*84%*
Depreciation & amortisation	(576)	(594)
Profit from continuing operations before tax	338	2,026
Tax (expense)/benefit	(134)	(465)
Net profit (loss) from continuing operations after tax	204	1,561
Profit / (loss) from discontinued operations	45,070	(14,961)
Profit / (loss) for the period	45,274	(13,400)
Profit after tax from continuing operations attributable to members	1,526	2,274

- The continuing operations results include a loss of $3.0 million from the former Votiro holding company. The loss for the period in VGM Australia (formerly Votiro Cybersec Global Pty Ltd) relates primarily to financing costs and administrative expenses
- Profit from discontinued operations reflects the negative net assets disposed of on sale of the Votiro business in FY2025

Senetas operating segment results

Full year ended 30 June 2025 ($000's)	FY2025	FY2024
Revenue from ordinary activities	19,254	21,575
Gross profit	16,756	18,084
Gross Margin %	*87%*	*84%*
Other income	245	182
Depreciation & amortisation	(576)	(594)
Profit before tax from operating activities	3,354	3,646
Impairment of investment	(7,916)	-
Senetas segment profit before tax after impairment of investment	(4,562)	3,646
Profit/(loss) after tax	(4,697)	3,181

- As expected, Senetas operating revenue was lower in FY2025. Tighter customer budgets and management changes at our global distribution partner affected the timing of sales completions though the second half of FY2025 – some large customer opportunities are now expected in FY2026
- Gross margins up 3 percentage points based largely on improved product mix
- Non-cash impairment to investment in VGM Australia is eliminated on consolidation

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Cash flow

Full year ended 30 June 2025 ($000's)	FY2025	FY2024
Receipts from customers	19,015	22,458
Tax refund/(paid)	(781)	333
Payments to suppliers & employees	(18,724)	(17,644)
Operating cash flows	(244)	5,326
Investing cash flows	4,321	(123)
Financing cash flows	(1,475)	(3,799)
Cash and cash equivalents at 30 June 2025	11,577	8,971

- Lower receipts from customers in line with softer sales in FY2025
- Higher payments to suppliers and employees reflects higher R&D costs and professional fees partly offset by lower payments to employees
- Lower operating cash flows reflect the significant cash flows in FY2024 associated with the largest ever sale to a Middle East government authority late in that year, and the lower encryptor sales in FY2025

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Summary balance sheet

Full year ended 30 June 2025 ($000's)	FY2025	FY2024
Cash and cash equivalents	11,577	9,421
Trade receivables and contract assets	6,728	11,738
Inventories	3,579	4,308
Consideration receivable	7,845	-
Financial asset at FVTPL	30,832	-
Total assets	63,453	34,937
Trade and other payables	(1,342)	(5,511)
Contract & lease liabilities	(10,352)	(25,601)
Total liabilities	(16,743)	(36,533)
NET ASSETS	46,710	(1,595)

- Consideration receivable reflects estimate of additional cash expected to be received from Menlo re Votiro sale
- Financial asset at FVTPL reflects estimated value of Menlo shares received and to be received re sale of Votiro
- Increase in cash on hand partly reflects cash already received from Menlo re sale of Votiro business
- Senetas continues to carry no debt

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