

Senstar Technologies, Ltd.

Safeguarding people, places and property.

Fabien Haubert, Interim CEO

Tomer Hay, CFO

October 2023

Safe Harbor

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GAAP – Unless otherwise stated, all historical and estimated future financial and other information included in this presentation have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). **Non-GAAP** – In addition to using financial measures prescribed by GAAP, we use non-generally accepted accounting principles ("non-GAAP") financial measures in this presentation. Descriptions of our non-GAAP financial measures, as well as reconciliations of historical non-GAAP financial measures to their most directly comparable GAAP measures, can be found in this presentation under "Non- GAAP Financial Measures and Reconciliations" in the appendix.

Industry and Market Data - Certain data included in this presentation has been derived from a variety of sources, including independent industry publications, government publications and other published independent sources. Although we believe that such third-party sources are reliable, we have not independently verified, and take no responsibility for, the accuracy or completeness of such data.

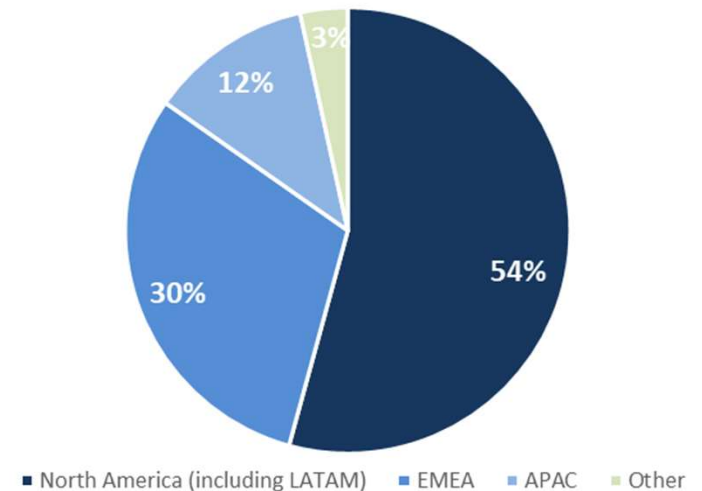
Senstar Technologies Overview

Senstar leverages brand leadership in innovative Perimeter Intrusion Detection Systems (PIDS) with intelligent Security Management System (SMS) featuring advanced video analytics and access control integrated into one solution for security and operational intelligence

- A leading company with deep knowledge and award-winning products in the physical security domains
- Strong balance sheet funds growth
- Well-positioned for growth
 - Highly scalable business model
 - Managing EBITDA margin to exceed prior years' performance
 - Ability to generate cash with low cap-ex

Global Presence

Sales by Region
(TTM 6/30/23)



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Global Reach, Local Support



Manufacturing:

Ottawa, Canada

Development centers:

Ottawa and Waterloo, Canada

160+ employees worldwide:

~25% in R&D – engineers and software developers

~50% facing the customer in Sales, Marketing & Technical support

Recognized global brand

Recognized track record of long-term reliability and support with customers

Our Growth Platform

Senstar Technologies Ltd. is a growth platform focused on tech-rich products and solutions for security and operational intelligence. Today, its high-margin solutions division, Senstar enjoys brand leadership in innovative PIDS and intelligent SMS. With no debt and a strong cash position, Senstar has the resources to grow organically and through M&A.

Excess Cash and Zero Debt (in millions US \$)

\$11.9

As of 06/30/2023

High Margin Contribution from Senstar Group Division

Gross Margin
60%¹

EBITDA Margin

~15%¹

5%

TTM (6/30/23)

TTM (6/30/23)

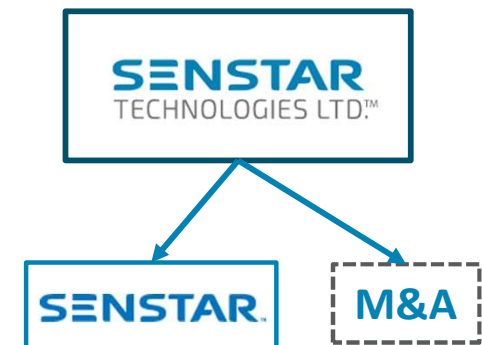


Senstar Technologies



Senstar, excluding overhead

Attractive Growth Platform



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1. Gross Margin and EBITDA margin of the Senstar group without costs and overhead attributed to the parent (holding) company.

Established Leadership Team Brings Performance Track Record



Senstar Technologies Ltd.



Fabien Haubert
Interim CEO



Tomer Hay
CFO

SENSTAR
Senstar Corporation



Fabien Haubert
Managing Director



Alicia Kelly
VP Finance



Jeremy Weese P.Eng.,
Chief Technology Officer

Leadership team's focus on product innovation getting recognition from leading security industry publications and associations



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Serving Key Vertical Markets

Senstar's solutions address each vertical's unique requirements

Focus Vertical Features

- **Growing need** for sophisticated solutions
- **Leveraging** product and project core capabilities
- **Cross-selling situational awareness** and related solutions

Four Focus Verticals

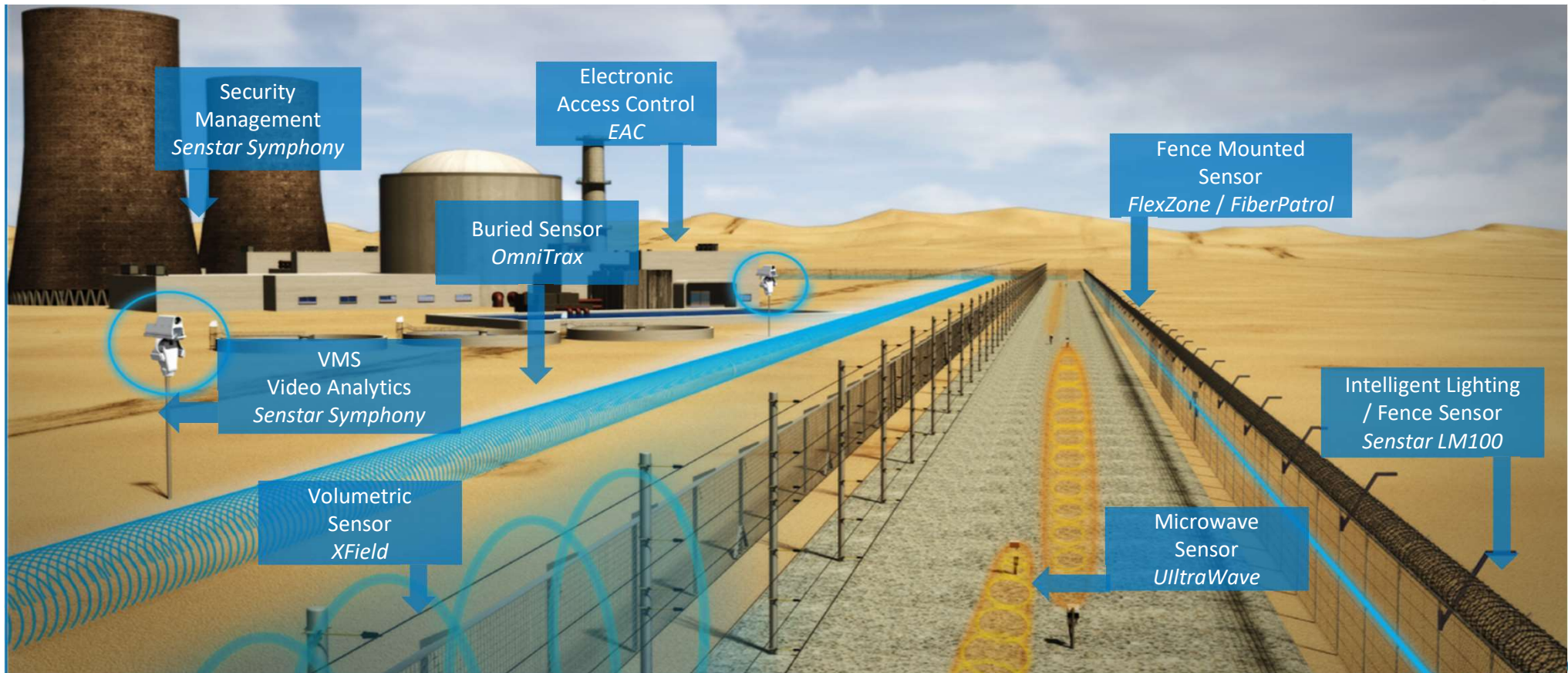


Additional Targeted Verticals



Core Market – Intelligent Perimeter Intrusion Protection

Protecting Critical Infrastructure While Meeting Operational and Regulatory Requirements



Safeguarding People, Places and Property

Senstar has been protecting high-risk assets for over 40 years in thousands of logistics, critical infrastructure, corrections, and energy facilities around the world.

Installed together, Senstar products create complete facility-level solutions:

- Perimeter Intrusion Detection Systems (PIDS)
- Video and Security Management Software (VMS & SMS), video analytics, and access control products and technologies



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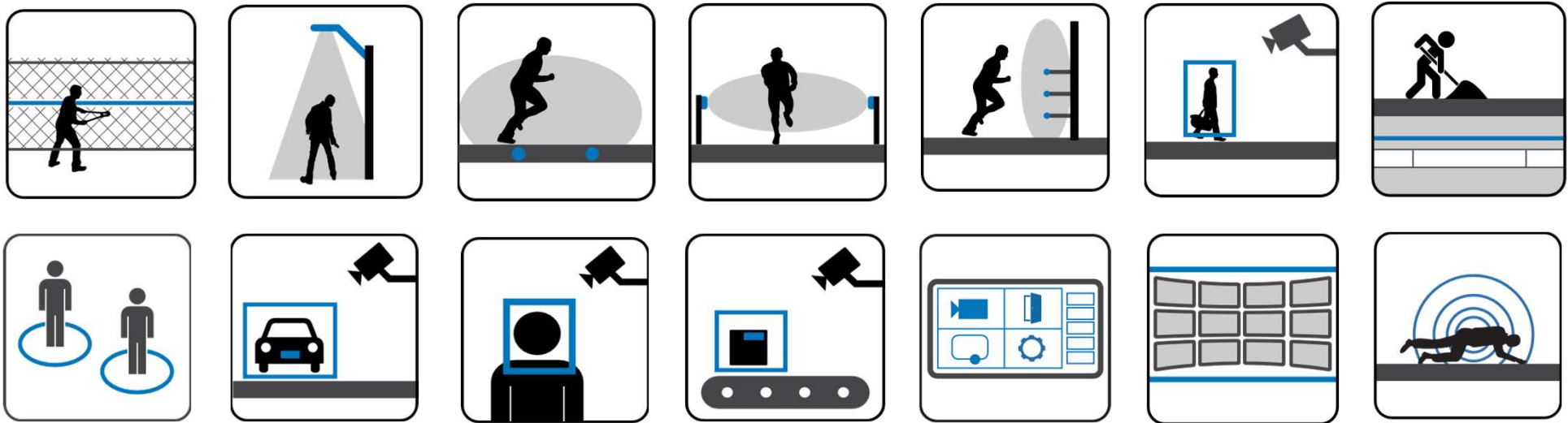
40+ years experience

**50,000+ km of installed sensors
25,000+ VMS deployments**

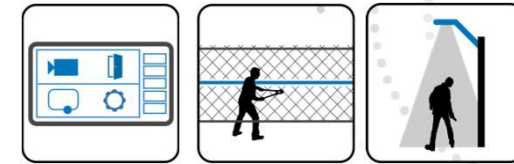
World-wide service and support

Senstar's Commitment to Innovation

- Significant investment of ~\$15.0M in advanced research and development in past four years
 - Next-generation sensors
 - AI and deep-learning solutions
- Range of product offerings unmatched in the industry
- World's most extensive outdoor security test facility with extreme conditions testing 24/7/365



PIDS – Perimeter Intrusion Detection Systems



- Perimeter protection is the first line of defense in physical security
- Inexpensive, rapid to build, highly configurable fences are the predominant perimeter barrier
- Combined these physical barriers with other security controls creates an effective, integrated security solution for ultimate protection from intruders

Fence Mounted



Sensors attached directly to fence with various capabilities depending on the perimeter's characteristics.

Buried



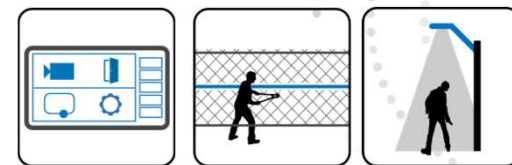
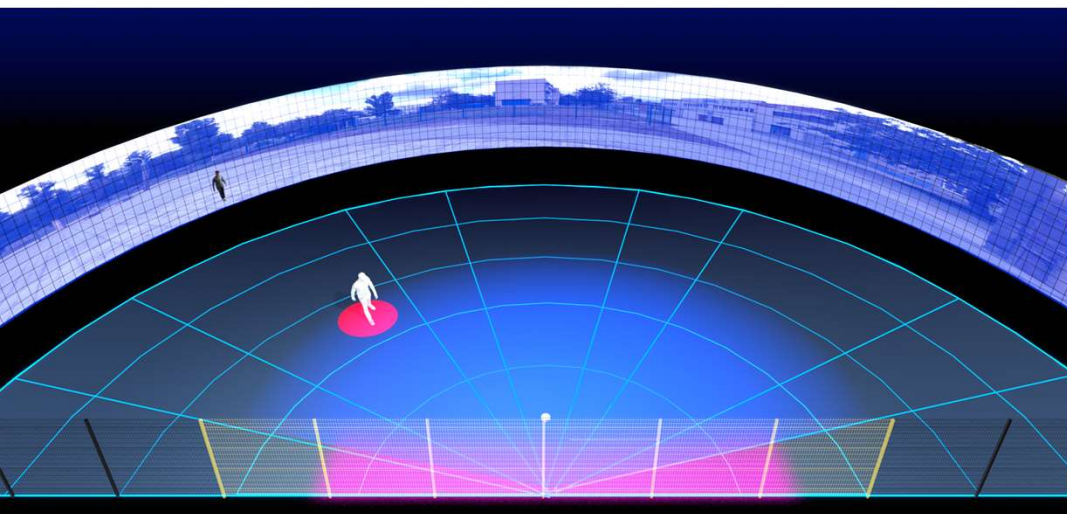
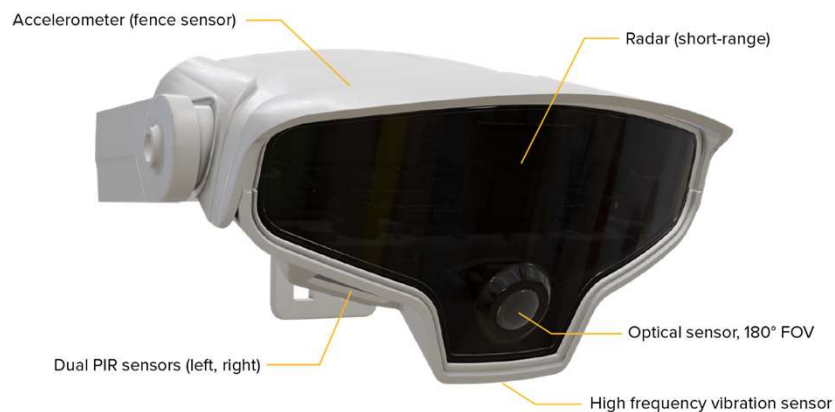
Buried ported coaxial cables or fiber optic sensor cable attached directly to fence. Alarms reported by zone, cable distance, or GPS.

Above Ground



Highly sensitive and customizable to terrain, access needs and status.

Disruptive innovation

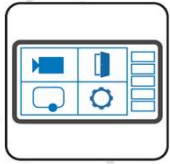


Introducing the revolution in intrusion detection: Senstar MultiSensor™

- Probability of Detection (Pd) far exceeding that of traditional sensors while eliminating nearly 100% of nuisance alarms
- Full situational awareness
- AI-based intrusion detection system with embedded sensor fusion engine
- Multiple sensing technologies “all-in-one”
- Introduced at Global Security Exchange (GSX)
- Unique in market – available first half 2024

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Senstar Symphony Common Operating Platform

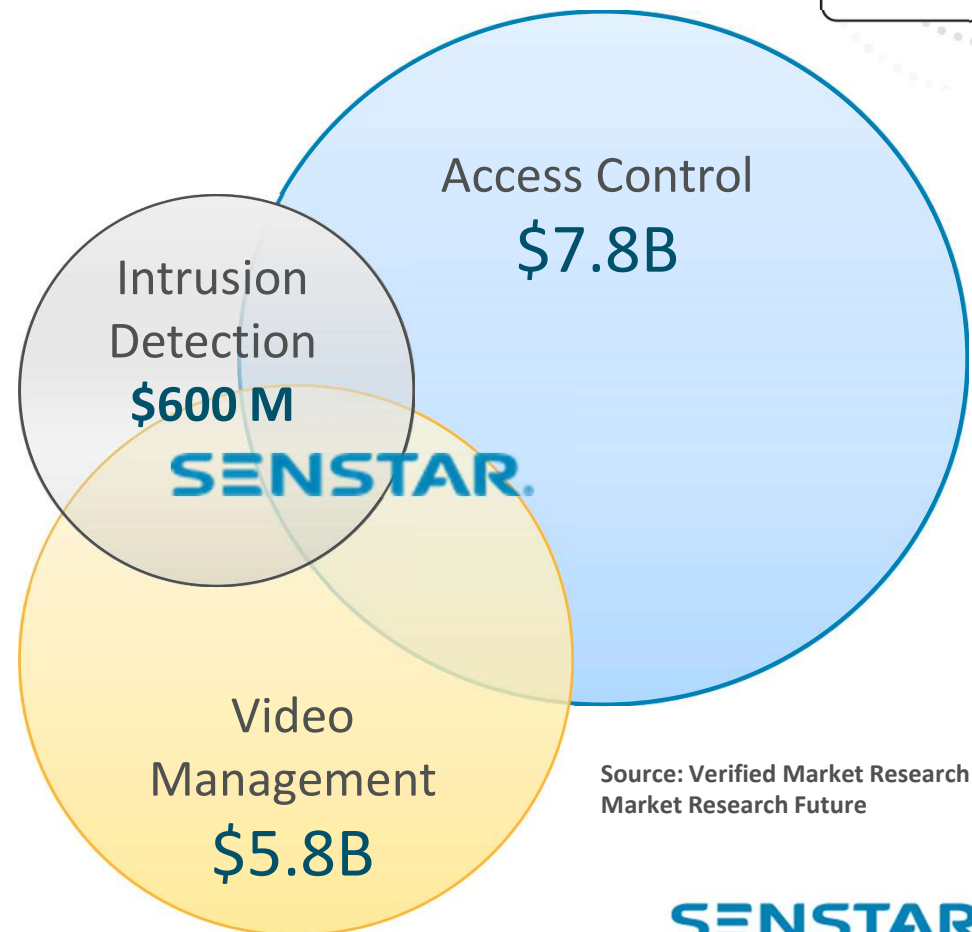


- Innovative, intelligent **open platform** for video, security management and access control
- Strong portfolio of **analytics** applications and business **intelligence** reports
- Full-featured **integrated alarm management** and **access control** modules
- Version 8 features **fusion capabilities** for PIDS, VMS, access control and business intelligence
- **Scalable** solution architecture



Competitive Advantage

- Fusion of “Big Data” is the new paradigm between the three primary domains to drive performance and efficiency
- Typically, competitors are present in only one or two of the domains
- Senstar has the distinct advantage of being the **only company with deep knowledge and products in all three domains**
- **Senstar solutions provide situational awareness and associated remedies**



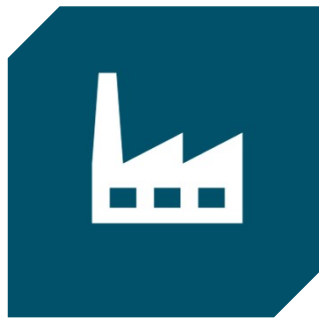
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Growth Drivers

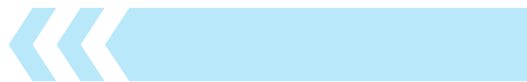
Targeting Four Key Areas For Growth To Grow At Or Above Market Rates



Increasing sales from
FOUR KEY VERTICALS



Delivering new
PRODUCTS, SOFTWARE & SOLUTIONS



Establishing
NEW DISTRIBUTION
channels

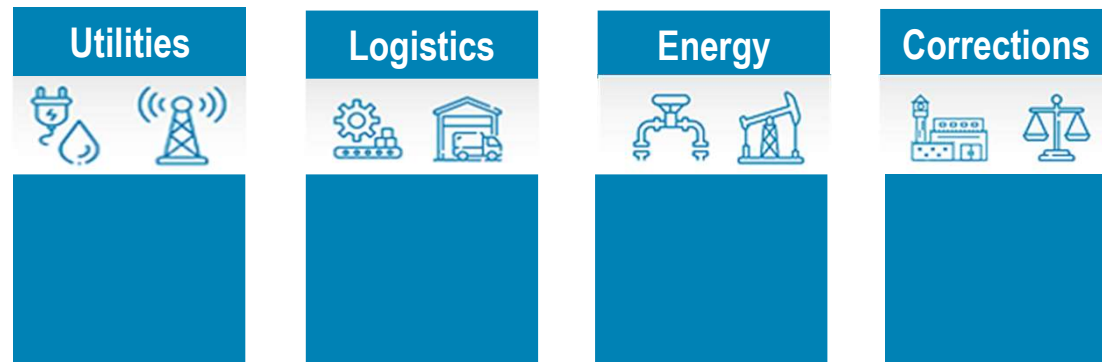


Adding differentiated
technologies & new talent
with **ACQUISITIONS**

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Focus on Four Key Verticals

- **Opportunity to increase market share** in four large verticals by leveraging established brand and distribution and **selling lateral product solutions** for adjacent applications beside security
- Enhance customers' installed surveillance systems to provide **new operational intelligence**
 - **Utilities** – Link metadata from TCP devices to still images or video for visual histories
 - **Logistics** – parcel management and loss prevention
 - **Energy** – leak detection and infrastructure monitoring
 - **Corrections** – customized video feeds to employee stations for improved decision making



Developing Sales & Partnerships

- Improving sales efficiencies
 - 50% of Senstar employees are customer facing
 - Expanded Senstar's in-house direct sales team
 - Increasing ticket-size with bundled product solutions designed to work together
 - Leveraging global systems integrators
 - Working with global distributors
- Engaging with resellers to expand into new territories
- Enhancing product offering with current technology partnerships

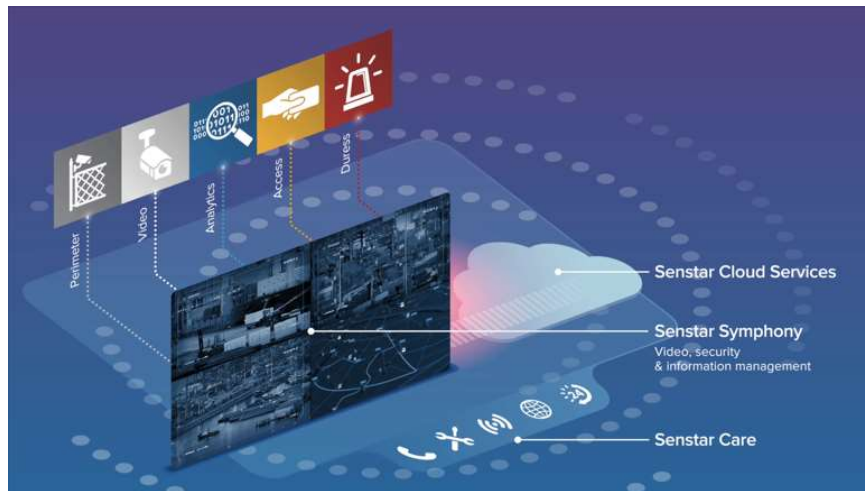
Key Partners



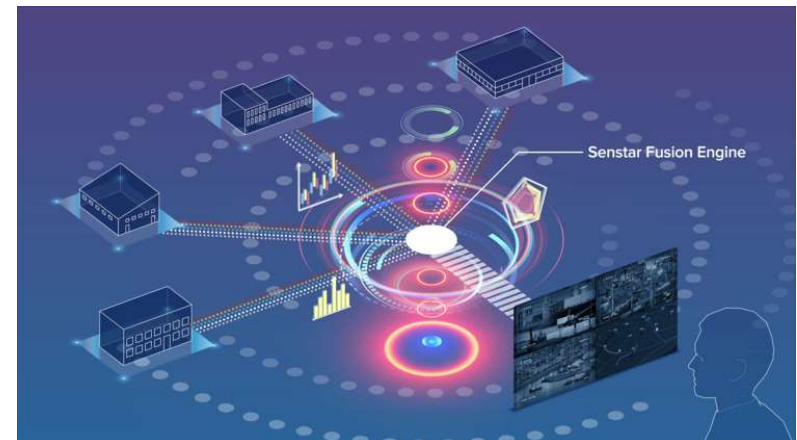
Ongoing Software Innovation Drives Deeper Integration

Intelligent video management – open platform, scalable common operating platform

Advanced, AI-powered analytics

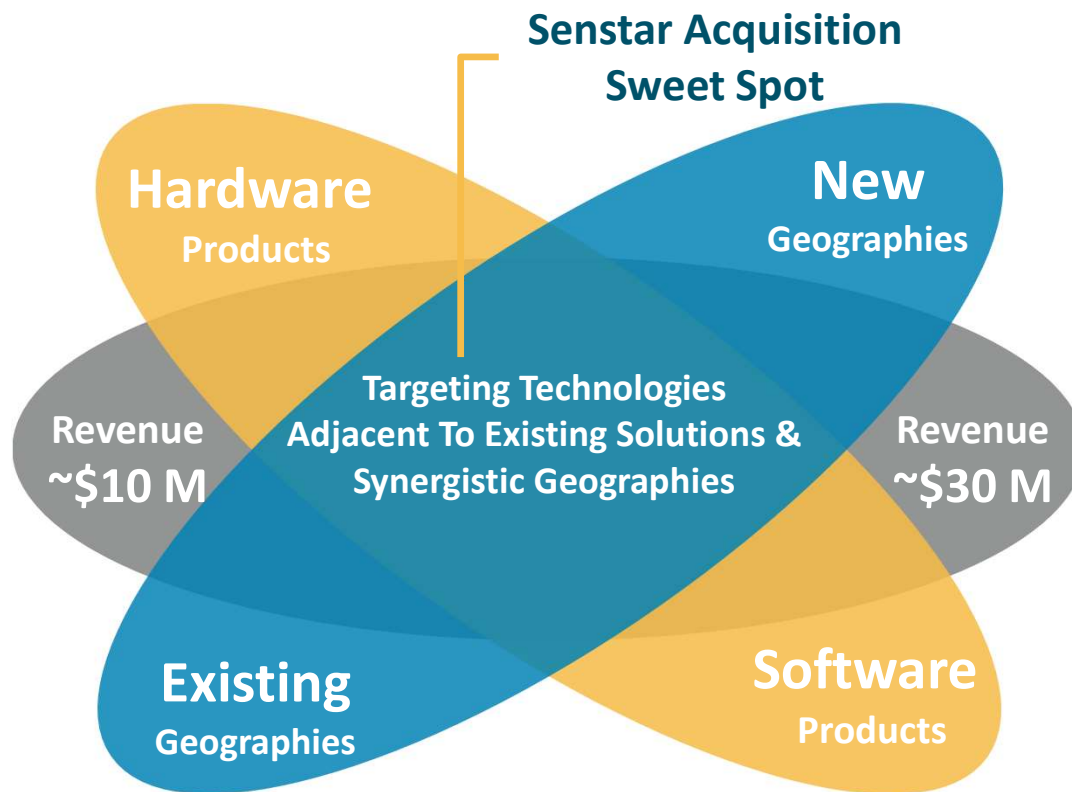


Sensor fusion – next-generation systems process data via fusion engine
Artificial intelligence, pattern recognition, multi-sensory approach



Unique capability fuses sensor and video analytic data on a common platform for improved outcomes

M&A Strategy to Boost Revenue and EBITDA

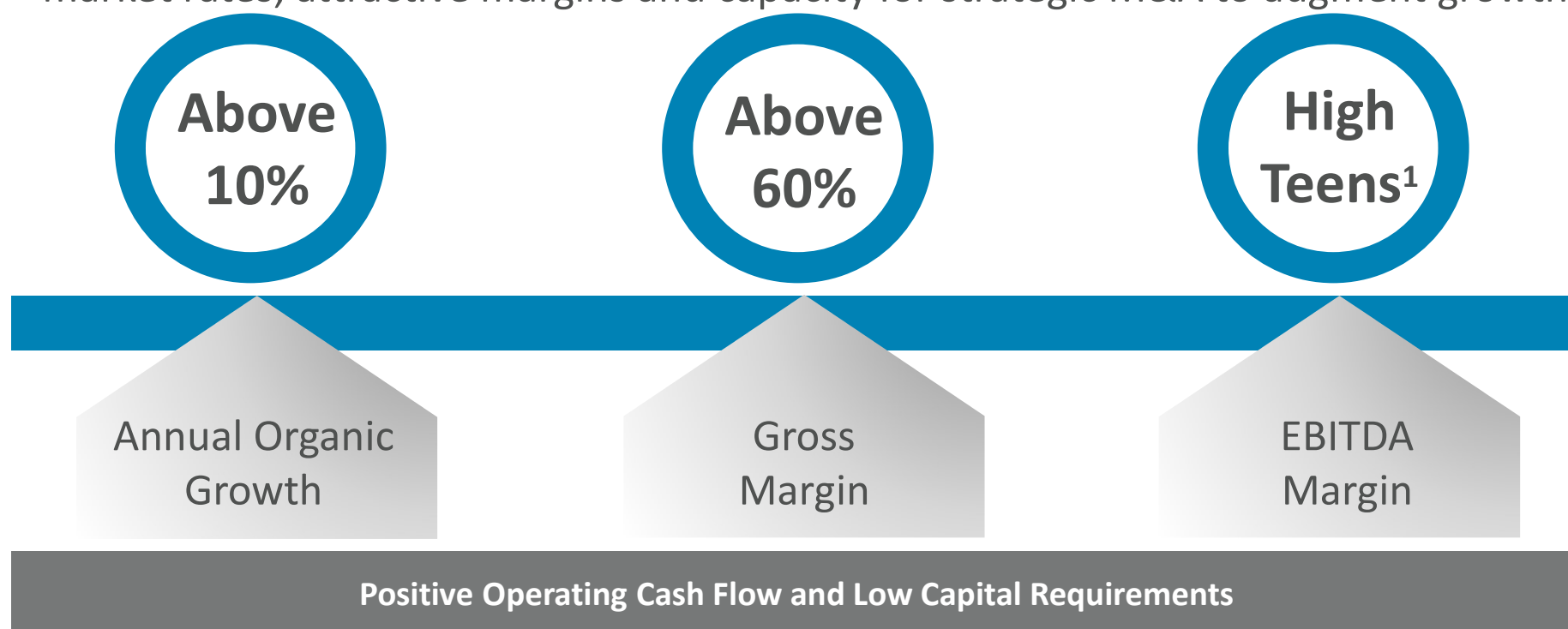


M&A Strategy

- Add synergistic products in growth markets
- Leverage existing platform
- Support growth goals
 - Augment organic revenue growth with selective, strategic M&A
 - Boost EBITDA growth and expand EBITDA margin with operating leverage

Mid-term Business Model: Targeting Solid Financial Results

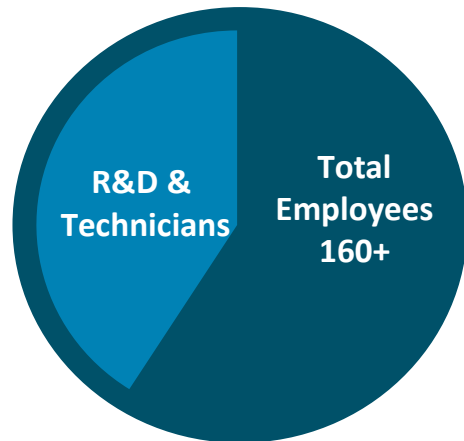
Low Cap-Ex requirements and positive cash flow enable organic growth at or above market rates, attractive margins and capacity for strategic M&A to augment growth



¹ EBITDA margin for Senstar Group only, excludes corporate expenses of Senstar Technologies.

Capital Allocation Priorities Fuel Growth

Tech Focus Drives Growth



~10% of revenues spent on R&D¹

- **Ongoing R&D investment**
 - Our biggest growth driver
 - Enhancing existing platform to add capabilities
 - Continuously developing new technology
- **Targeted strategic technology acquisitions**
 - Augment organic growth with M&A
 - Target bolt-on technology
 - Focus on attractive valuation

¹ Over past three years, on average.

Key Takeaways

- Strong balance sheet with no debt and cash to fund growth
- Senstar structure optimizes its ability to scale
 - ✓ Differentiated technology offers competitive advantages
 - ✓ Disruptive solutions based on over 40 years experience in the market
 - ✓ Positioned for top line growth
 - ✓ Highly scalable business model
 - ✓ Managing EBITDA margin to exceed prior years' performance
 - ✓ Low cap-ex expected to improve future cash flow



Appendix Slides

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands (except per share data)

	Three Months Ended June 30,			Six Months Ended June 30,		
	<u>2023</u>	<u>2022</u>	<u>% change</u>	<u>2023</u>	<u>2022</u>	<u>% change</u>
Revenue	8,441	9,124	(7)	14,886	15,909	(6)
Cost of revenue	<u>3,317</u>	<u>3,649</u>	(9)	<u>6,169</u>	<u>5,967</u>	3
Gross profit	5,124	5,475	(6)	8,717	9,942	(12)
Operating expenses:						
Research and development, net	1,035	1,087	(5)	2,075	2,182	(5)
Selling and marketing	2,625	2,220	18	5,071	4,519	12
General and administrative	1,381	2,061	(33)	3,221	3,806	(15)
Total operating expenses	<u>5,041</u>	<u>5,368</u>	(6)	<u>10,367</u>	<u>10,507</u>	(1)
Operating income (loss)	83	107		(1,650)	(565)	
Financial income (expenses), net	<u>(74)</u>	<u>(109)</u>		<u>(34)</u>	<u>(348)</u>	
Income (loss) before income taxes	9	(2)		(1,684)	(913)	
Taxes on income (tax benefits)	<u>220</u>	<u>(430)</u>		<u>402</u>	<u>(244)</u>	
Income (loss) from continuing operations	(211)	428		(2,086)	(669)	
Income (loss) from discontinued operations, net	<u>-</u>	<u>(264)</u>		<u>-</u>	<u>(264)</u>	
Net income (loss) attributable to Senstar's shareholders	<u>(211)</u>	<u>164</u>		<u>(2,086)</u>	<u>(933)</u>	
Basic and diluted net income (loss) per share from continuing operations	(\$0.01)	\$0.02		(\$0.09)	(\$0.03)	
Basic and diluted net income (loss) per share from discontinued operations, net	<u>-</u>	<u>(\$0.01)</u>		<u>-</u>	<u>(\$0.01)</u>	
Basic and diluted net income (loss) per share	<u>(\$0.01)</u>	<u>\$0.01</u>		<u>(\$0.09)</u>	<u>(\$0.04)</u>	
Weighted average number of shares used in computing basic and diluted net income (loss) per share	<u>23,309,987</u>	<u>23,309,987</u>		<u>23,309,987</u>	<u>23,305,981</u>	

RECONCILIATION OF EBITDA FROM CONTINUING OPERATION TO INCOME (LOSS) FROM CONTINUING OPERATION

U.S. dollars in thousands

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
GAAP income (loss) from continuing operations	(211)	428	(2,086)	(669)
Less:				
Financial income (expenses), net	(74)	(109)	(34)	(348)
Taxes on income (tax benefits)	220	(430)	402	(244)
Depreciation and amortization	(207)	(353)	(530)	(761)
EBITDA from continuing operations	<u>290</u>	<u>460</u>	<u>(1,120)</u>	<u>196</u>

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

SENSTAR TECHNOLOGIES UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (All numbers expressed in thousands of US\$)

	June 30, 2023	December 31, 2022
CURRENT ASSETS:		
Cash and cash equivalents	\$10,485	\$14,937
Short-term bank deposits	113	110
Restricted cash and deposits	1,332	5
Trade receivables, net	8,617	9,973
Unbilled accounts receivable	7	350
Other accounts receivable and prepaid expenses	1,709	1,441
Inventories	9,546	8,443
Total current assets	31,809	35,259
LONG TERM ASSETS:		
Deferred tax assets	1,952	1,981
Operating lease right-of-use assets	885	987
Total long-term assets	2,837	2,968
PROPERTY AND EQUIPMENT, NET	1,627	1,651
INTANGIBLE ASSETS, NET	1,069	1,142
GOODWILL	11,062	10,866
TOTAL ASSETS	\$48,404	\$51,886

The accompanying notes are an integral part of the consolidated financial statements.

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CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except per share data)

SENSTAR TECHNOLOGIES UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (All numbers expressed in thousands of US\$)

	June 30, 2023	December 31, 2022
CURRENT LIABILITIES:		
Trade payables	\$1,430	\$2,408
Customer advances	230	239
Deferred revenues	2,643	2,866
Other accounts payable and accrued expenses	4,177	4,749
Short-term operating lease liabilities	251	248
Total current liabilities	8,731	10,510
LONG-TERM LIABILITIES:		
Deferred revenues	1,318	1,463
Deferred tax liabilities	852	865
Accrued severance pay	314	330
Long-term operating lease liabilities	652	757
Other long-term liabilities	261	274
Total long-term liabilities	3,397	3,689
SHAREHOLDERS' EQUITY		
Share Capital: Ordinary shares of NIS 1 par value - Authorized: 39,748,000 shares at June 30, 2023 and December 31, 2022; Issued and outstanding: 23,309,987 shares at June 30, 2023 and 23,309,987 shares at December 31, 2022	6,799	6,799
Additional paid-in capital	30,504	30,503
Accumulated other comprehensive loss	(105)	(758)
Foreign currency translation adjustments (stand-alone financial statements)	9,675	9,654
Accumulated deficit	(10,597)	(8,511)
TOTAL SHAREHOLDERS' EQUITY	36,276	37,687
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$48,404	\$51,886

The accompanying notes are an integral part of the consolidated financial statements.

Thank You.

Investor Relations

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