



## **Senstar Technologies**

### **Fourth Quarter and Full Year 2024 Results Conference Call**

**April 23, 2025**

## C O R P O R A T E   P A R T I C I P A N T S

**Kim Rogers**, *Hayden IR*

**Fabien Haubert**, *Chief Executive Officer*

**Alicia Kelly**, *Chief Financial Officer*

## C O N F E R E N C E   C A L L   P A R T I C I P A N T S

**Kenneth Liddy**, *Oppenheimer*

## P R E S E N T A T I O N

### Operator

Ladies and gentlemen, thank you for standing by. Welcome to Senstar Technologies' Fourth Quarter and Full Year 2024 Results Conference Call.

All participants are at present in a listen-only mode. Following Management's formal presentation, we will have a question-and-answer session. Instructions will be given at that time. As a reminder, this conference is being recorded.

I would now like to hand the call over to Kim Rogers of Hayden IR. Thank you. You may begin.

### Kim Rogers

Thank you, Sheri.

Welcome, and thank you for joining us today.

I want to thank the Management of Senstar Technologies for hosting today's call. With us on the call today from the Company are Mr. Fabien Haubert, CEO, and Ms. Alicia Kelly, CFO.

Before we start, I'd like to point out that this conference call may contain projections or other forward-looking statements regarding future events or the Company's future performance. These statements are only predictions and Senstar cannot guarantee that they will, in fact occur. Senstar does not assume any obligation to update that information. Actual events or results may differ materially from those projected, including as a result of changing market trends, reduced demand and the competitive nature of the security systems industry, as well as other risks identified in the documents filed by the Company with the Securities and Exchange Commission.

In addition, during the course of the conference call, we will describe certain non-GAAP financial measures, which should be considered in addition to, and not in lieu of, comparable GAAP financial measures. Please

note that in our press release we have reconciled our non-GAAP financial measures to the most directly comparable GAAP measures in accordance with Reg G requirements. You can also refer to our website at [www.senstartechnologies.com](http://www.senstartechnologies.com) for the most directly comparable financial measures and related reconciliation.

With that, I will now hand the call over to Senstar Technologies' CEO, Fabien Haubert. Fabien, please go ahead.

**Fabien Haubert**

Thank you, Kim.

Thank you for joining us today to review our fourth quarter and full year 2024 financial results.

Starting with an overview of this quarter's performance, our revenue increased by 14.5% compared to Q4 2023 driven by solid growth across our core geographies with the USA and EMEA markets expanding by 43% and 44%, respectively. During the quarter, we also achieved major wins across the Telecom, Data Center, Airport, and Corrections verticals which served as important tailwinds for the business heading into 2025. Similar to the prior quarter, gross margin was strong at 64.5%, representing an 7.9 percentage point increase over Q4 2023. The improvement in the quarter was primarily driven by the combination of a balanced solution mix, pricing adjustments, our continued streamlining of cost saving initiatives, and normalization in supply chains of the component market. As previously communicated, our gross margin levels are aligned with our expectation to deliver a gross margin of 60% or better.

While we remain focused on diligent expense management, operating expenses increased by 7% compared to Q4 2023, primarily due to higher costs driven by recent headcount additions in both the General & Administrative and Sales and Marketing functions. The combination of revenue growth and gross margin expansion, in tandem with diligent investments to drive sales, led to a significant increase in our profitability. Accordingly, EBITDA in the quarter reached \$1.6 million versus the \$0.5 million in the year ago quarter, while Net Income improved from \$0.4 million to \$1.6 million.

We continued to experience strong growth in the U.S. and EMEA and our 4 core verticals have remained as significant growth contributors on the company overall. Our performance this quarter reflects both the successful execution of our strategic focus on high-potential sectors and the continued customer adoption of our tailored solutions.

Turning to our Fiscal Year of 2024 results, total revenue increased by 9% to \$35.8 million, driven by strong performance in our USA, EMEA, and APAC markets. We experienced a healthy 9% growth rate from 4 verticals which represented 61% of global sales, with notable strength in the Corrections, Utilities, and Transportation verticals, along with a great performance in Data Centers and Renewable energy. We continue to focus our efforts on Data Centers among globally recognized names, which supported an over 30% growth in the Utility vertical in 2024.

Gross margin for 2024 expanded by 6.6 percentage points to 64.1% from 57.5% in 2023. The increase in gross margin was driven by price adjustments, streamlining initiatives, and the stabilization of supply chains following a period of constraints related to COVID.

Based on streamlining initiatives that we began in 2023, we are continuing to optimize our cost structure and delivered a 5% decline in operating expenses for the year of 2024. As a result of this powerful combination of revenue growth, gross margin expansion, and lower operating expenses, our profit trajectory shows a meaningful improvement. For the full year of 2024, EBITDA reached \$4.6 million compared to EBITDA loss of (\$0.3) million in 2023, and net income improved by \$3.9 million to \$2.6 million versus the net loss of (\$1.3) million in 2023.

Our capital structure remains healthy, with a cash balance of \$20.5 million along with no debt as of December 31, 2024.

Now, turning to our core verticals:

1. Correctional Facilities: We achieved important wins in the Corrections vertical driven by steady demand for our advanced security technology that ensure public safety, mainly in the USA. Our customers and the broader market see value in reliable, intelligent threat detection that adapts to complex environments. Leveraging the power of AI, our MultiSensor product is an example of our advanced perimeter security solutions and is uniquely suited to address the modern needs of complex facilities such as correctional institutions. Our offerings have helped strengthen our competitive positioning as a trusted partner, leading to an increase in contract wins, particularly in the U.S. market.

2. Utilities: The growth trajectory of this vertical remains one of our strongest, and we experienced a significant breakthrough with data centers across all of our core markets in 2024. The EMEA, US and APAC regions showed notable strength with broad-based demand across data centers, telecom infrastructure, solar farms, and energy generation. As the utilities sector accelerates investment in securing critical infrastructure, we are strategically positioned to capture a growing share of the market. Our technology is showing increased adoption by operators of these high value assets, which demonstrates the scalability and ingenuity of our solutions.

3. Transport: In Q4 2024, we accomplished major wins in the transport sector with a steady flow of demand for upgraded airport infrastructure across a variety of our core markets. The EMEA and APAC regions in particular are experiencing rapid development in transport infrastructure and our technology is uniquely positioned to address the markets increasing need for secure monitoring systems. In addition to EMEA and APAC, we are continuing to prioritize a broad-base of geographies where modern transportation security initiatives are aligned with our innovative and secure solutions.

4. Energy: This vertical was pressured in 2024 with revenue declining versus 2023. However, our Energy offering remains in a competitive position as it enables companies to unlock operational efficiencies while protecting critical assets. The EMEA market was the strongest performing region within this vertical in 2024 while North America showed encouraging trends as well. We are optimistic about the trends in the Energy industry and remain focused on capturing opportunities that will have a positive contribution in the quarters ahead.

In terms of product updates, I am pleased to share that MultiSensor is experiencing positive initial indicators with continued sales in Q4 2024. This has become the cornerstone of our perimeter technology solutions and initial customer feedback has been overwhelmingly positive, particularly for those in critical infrastructure and high-security sectors. As demand grows for comprehensive, real-time situational awareness, Multisensor positions us well for continued growth in both domestic and international markets.

Our strategy remains focused on business development to expand global market share across key verticals. We are pleased to report a growing share of our sales is being driven by new customers, reflecting successful outreach and acquisition efforts. We recently hired a new business development team that is already well established on 3 major continents to sustain this progression. The business development team has a proven track-record and their incentives are in full alignment with the company to improve the revenue ratio of new customer sales. We aim to bring on new end users in existing markets while also acquiring customers in new regions.. Likewise, our investments in key territories are coming to fruition, as evidenced by the double digit growth in the USA and EMEA markets.

In conclusion, we are encouraged by our performance in 2024, marked by strong revenue growth, material improvements in profitability, and market share gains across our key verticals. The Senstar team remains dedicated to successfully executing our growth strategy, capturing market share, and delivering value to our customers. We're committed to expanding upon these wins as we continue delivering value for our shareholders and generating sustainable long-term growth.

Now I will pass the call to our CFO, Alicia Kelly. Alicia, please go ahead and review the financial results.

**Alicia Kelly**

Thank you, Fabien.

I'll begin with the results for the quarter. Our revenue for the fourth quarter of 2024 was \$10.2 million (dollars), an increase of 14.5% compared with \$8.9 million (dollars) in the fourth quarter of 2023. We saw robust sales growth in the US of 43%. Growth was experienced in all four of our key verticals but the most significant growth was reported from Utilities sales driven by a large breakthrough in data centers across all regions. EMEA also reported an increase in sales of 44% in Q4 vs. the same period last year. Incremental sales were reported in the Corrections, Renewable Energy, and the Transportation segments.

The geographic breakdown as a percentage of revenue for the fourth quarter of 2024 compared to the year ago quarter is as follows:

- North America, 42% versus 36%;
- EMEA 46% versus 36%;
- APAC 11% versus 14%;
- Latin America, 2% versus 11%; and
- All other regions, immaterial for Q4 2024 and less than 3% in Q4 2023

Fourth quarter gross margin was 64.5%, up compared with 56.6% in the year-ago quarter. The increase in gross margin was primarily due to product mix and price increases.

Our operating expenses were \$5.1 million (dollars), up 7% compared to \$4.8 million in the prior year's fourth quarter. The increase was driven by headcount investments in General and Administrative, Marketing and Sales.

Strong revenue and a sizable increase in gross margin drove an increase in our operating income for the fourth quarter to \$1.5 million (dollars), a significant increase compared to \$262 thousand (dollars) in the year-ago period.

Financial income was \$463 thousand (dollars) in the fourth quarter of this year compared to \$34 thousand (dollars) in the fourth quarter of last year. This is mainly a non-cash accounting effect we regularly report due to adjustments to the valuation of our monetary assets and liabilities denominated in currencies other than the functional currency of the operational entities in the group, in accordance with GAAP.

Net income attributable to Senstar Technologies' shareholders in the fourth quarter was \$1.6 million (dollars) or 7 cent per share compared to \$433 thousand (dollars) or 2 cent per share in the fourth quarter of last year.

The company's EBITDA for the fourth quarter was \$1.6 million (dollars) compared to \$450 thousand (dollars) in the fourth quarter of last year.

Added to Senstar's operational contribution are the public platform expenses and amortization of intangible assets from historical acquisitions. The corporate expenses for the fourth quarter were approximately \$0.7 million (dollars).

Turning now to the results for the Full year.

Revenue for the full year 2024 was \$35.8 million (dollars), an increase of 9% compared with \$32.8 million (dollars) in 2023. Sales grew 15% in the U.S. compared to 2023. EMEA also reported an increase in sales of 11% in 2024 compared to last year.

The geographic breakdown as a percentage of revenue for 2024 compared to 2023 is as follows:

- North America, 45% versus 45%;
- EMEA 36% versus 35%;
- APAC 15% versus 12%;
- Latin America, 3% versus 7%; and
- All other regions, less than 1% in both periods.

2024 gross margin was 64.1%, up compared with 57.5% in 2023. An improvement in gross margin was largely attributed to a balanced product mix, the positive impact of organizational streamlining initiatives, and carefully implemented pricing adjustments.

Our operating expenses were \$19 million (dollars), down 5% compared to 2023. The decrease is the result of the streamlining of our corporate structure and realignment of resources that we implemented in 2023.

The topline growth, strong gross margin, and reduced operating expenses collectively drove an increase in our operating income for 2024 to \$3.9 million (dollars), compared to an operating loss of \$1.3 million (dollars) in 2023.

Financial income was \$731 thousand (dollars) in 2024 compared to financial expense of (\$64) thousand (dollars) in 2023.

Net income attributable to Senstar Technologies shareholders in 2024 was \$2.6 million (dollars) or 11 cent per share compared to a net loss attributable to Senstar Technologies shareholders of (\$1.3) million (dollars) or negative 6 cent per share in 2023.

The company's EBITDA for 2024 was \$4.6 million (dollars) compared to negative \$348 thousand (dollars) in 2023.

Added to Senstar's operational contribution are the public platform expenses and amortization of intangible assets from historical acquisitions. The corporate expenses for 2024 were \$2.2 million (dollars).

#### BALANCE SHEET ITEMS

Cash and cash equivalents and short-term bank deposits, as of December 31, 2024, were \$20.6 million (dollars), or 88 cents per share.

That concludes my prepared remarks. Operator, we'd like to open the call to questions now.

#### Operator

Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment it may be necessary to pick up your handset before pressing the star keys. One moment while we poll for questions. Once again it is star, one on your telephone keypad if you would like to ask a question.

There are no questions at this time. I would like to turn the call back over to Mr. Haubert—we do have a question, I'm sorry, from Ken Liddy with Oppenheimer & Company. Please proceed. Mr. Liddy, your line is live.

#### Kenneth Liddy

Hi. Just wanted to know what growth drivers for 2024 look positive for 2025?

#### Fabien Haubert

Very sorry, I didn't hear.

#### Alicia Kelly

What growth drivers was positive for 2025 from 2024?

**Fabien Haubert**

Unfortunately, we're not providing forward-looking statements. But we only can report that we've been showing growth on three of the four quarter last year. We believe to be based on something structural and not basically accidental. Basically, the global trend in needs for security and to secure critical infrastructure, the complexity of those operations and of the requirements in security make us believe that we're in a very positive trend, which is to be continuous, but it's only an assumption, and we'll try our utmost to keep on the same trend.

**Kenneth Liddy**

Is there any region that you're any—more encouraged than not encouraged?

**Fabien Haubert**

I speak only for—we're going to say what we have experienced in 2024. We're very happy to have seen a growth in our three main regions, which are basically North America, EMEA and APAC. We hope and strive that the growth will remain in the three main regions.

**Kenneth Liddy**

Can you comment on anything in the future as far as optimism, anything to that effect?

**Fabien Haubert**

I totally understand. Unfortunately we're not providing forward-looking statements. We'll keep doing our very best to make sure we can keep on the same trend we currently are, and we will work hard to even do better than that.

**Kenneth Liddy**

I guess one last question. Is there any new opportunities in the United States that did not exist in 2024 that could possibly be a future pipeline?

**Fabien Haubert**

I'm trying to understand the background of your question in the sense (multiple speakers)...

**Kenneth Liddy**

With the political turmoil in the United States regarding immigration does that present any opportunity for your Company?

**Fabien Haubert**

The rate—okay, I understand the question. The rate of insecurity in worldwide in the United States as well is a strong driver to securing better. I'm not in a position to make any link between basically the insecurity and immigration is not what we're moving forward. We know that the need for securities remain high, and we're putting all our effort to keep securing basically our targeted verticals, again, this feeling of insecurity.

**Kenneth Liddy**



Understood. Thanks for taking my questions.

**Fabien Haubert**

Thank you.

**Operator**

With no further questions, I would like to turn the conference back over to Mr. Haubert for closing remarks.

**Fabien Haubert**

On behalf of Management of Senstar, I would like to thank you for your continued interest and long-term support of our business. We look forward to sharing more updates with you in the coming quarters. Have a good day.

**Operator**

Thank you. This will conclude today's conference. You may disconnect your lines at this time and thank you for your participation.