



allot

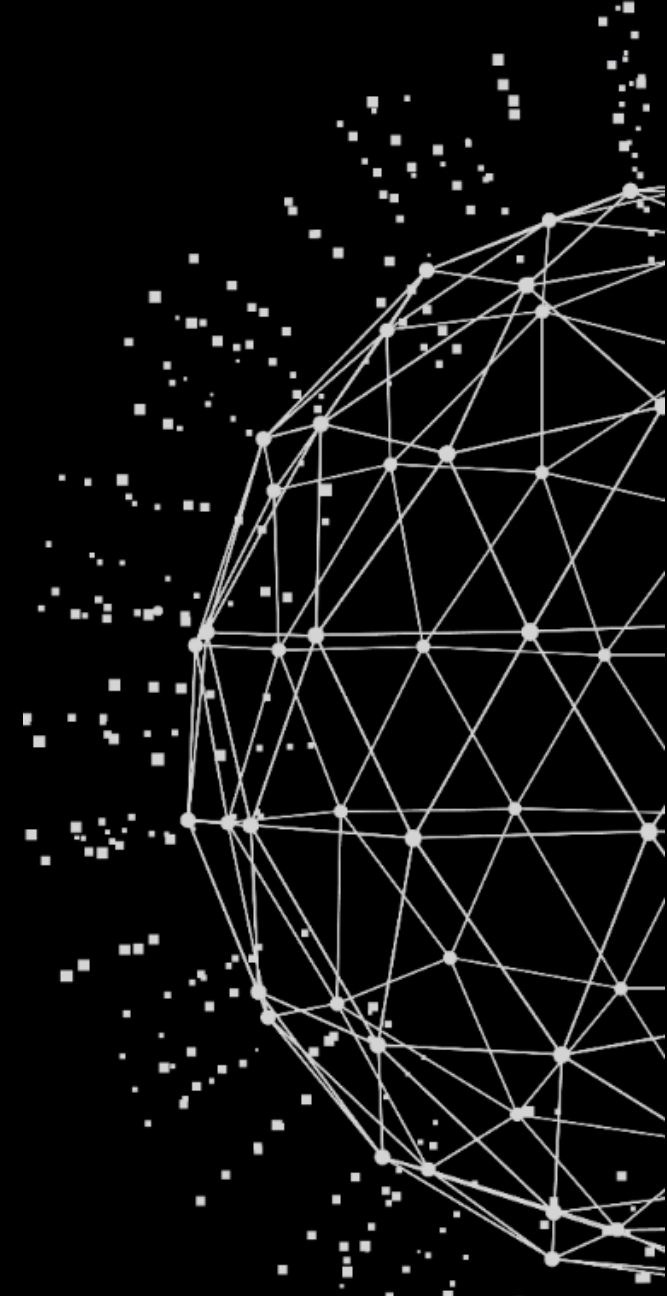
Revolutionizing Consumer Cybersecurity

August 2022

(NASDAQ & TASE: ALLT)

Forward Looking Statements

This presentation contains forward-looking statements, which express the current beliefs and expectations of Company management. Such statements involve a number of known and unknown risks and uncertainties that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements set forth in such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to compete successfully with other companies offering competing technologies; the loss of one or more significant customers; the impact of government regulation on demand for our products; our failure to increase the functionality and features of our products; our ability to keep pace with advances in technology and to add new features and value-added services; the failure of our products adversely impacting customers' networks; managing lengthy sales cycles; greater operational risk associated with large projects; our dependence on third party channel partners for a material portion of our revenues; our failure to comply with regulatory requirements; our dependence on traffic management systems and network management application suites for the substantial majority of our revenues; the loss of rights to use third-party solutions integrated into our products; undetected errors in our products; our dependence on a single third-party subcontractor for a significant portion of our products; and other factors discussed under the heading "Risk Factors" in the Company's annual report on Form 20-F filed with the Securities and Exchange Commission. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.





Allot Overview

MARKET

Communication Service Providers (CSPs)

CUSTOMER BASE

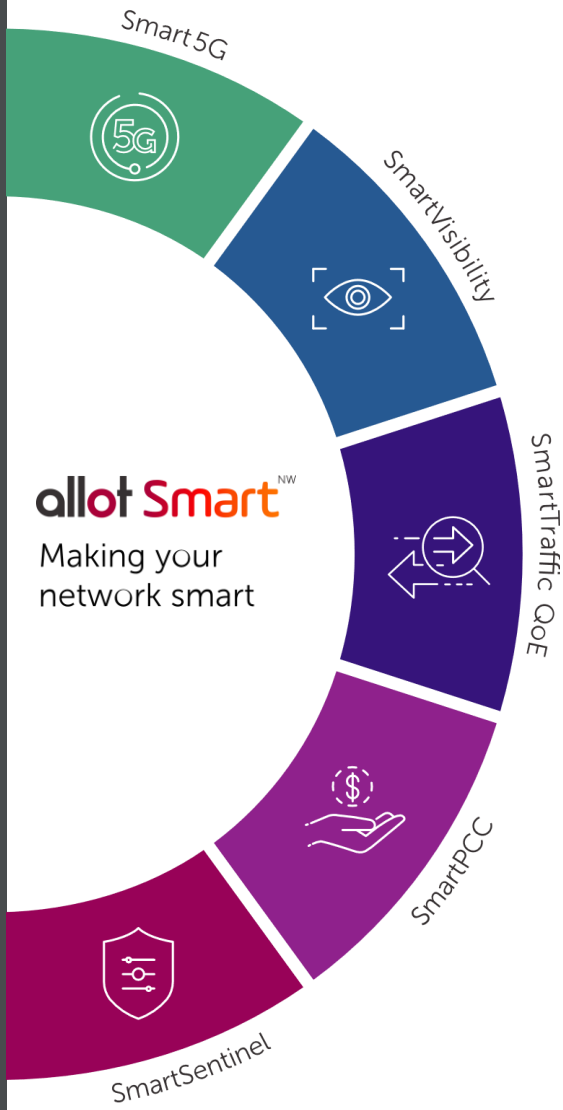
- Hundreds of CSPs globally
- Tier-1 operators

COMPANY HIGHLIGHTS

- ALLT (NASDAQ, TASE)
- 2021 revenue: \$146M
- 2021 Cybersecurity revenues: \$40M
- 2017-2021 revenue growth CAGR: 15%

PROVEN MANAGEMENT TEAM

Decades of experience in CSPs and Cybersecurity



Allot Smart Technology Heritage

- Deployed with hundreds of CSPs worldwide
- Telco grade solutions
 - High Throughput
 - Multitenancy
 - Quality
- 5G, cloud native and Virtual
- AI technology



Allot Secure CSP Customers

More than 20 million global subscribers protected
Tier-1 operators trust Allot

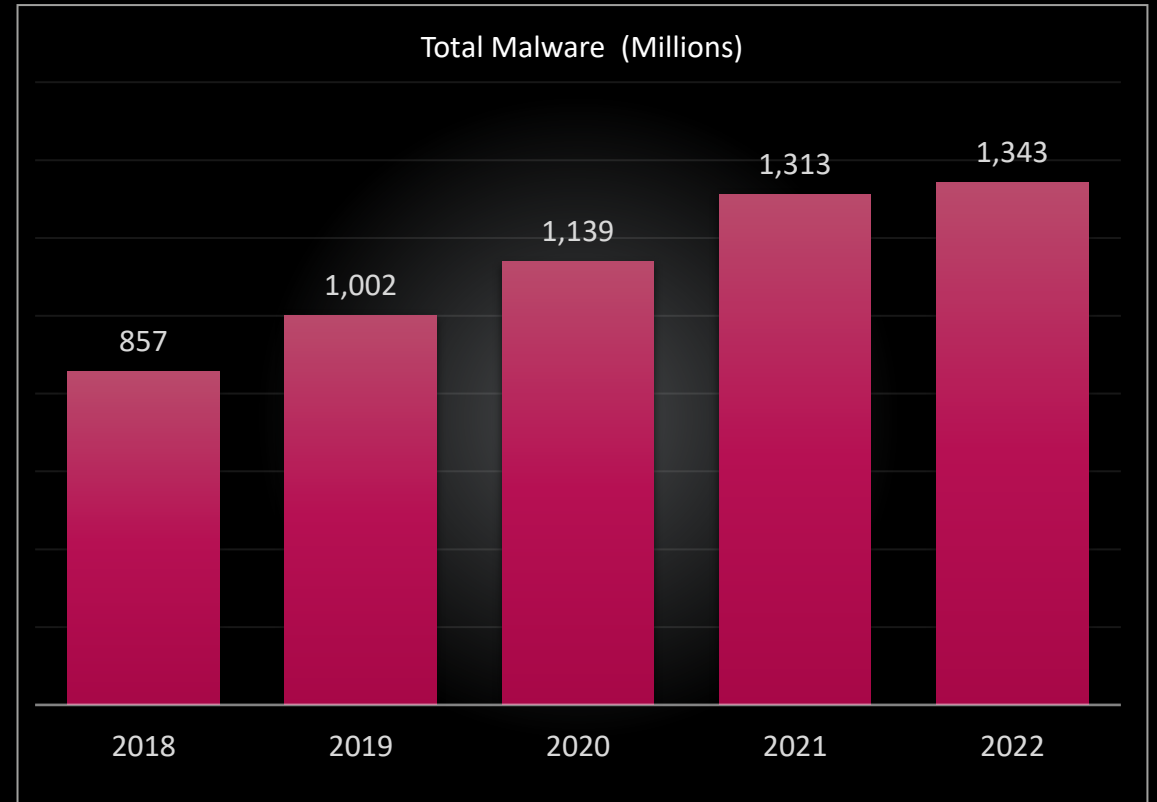
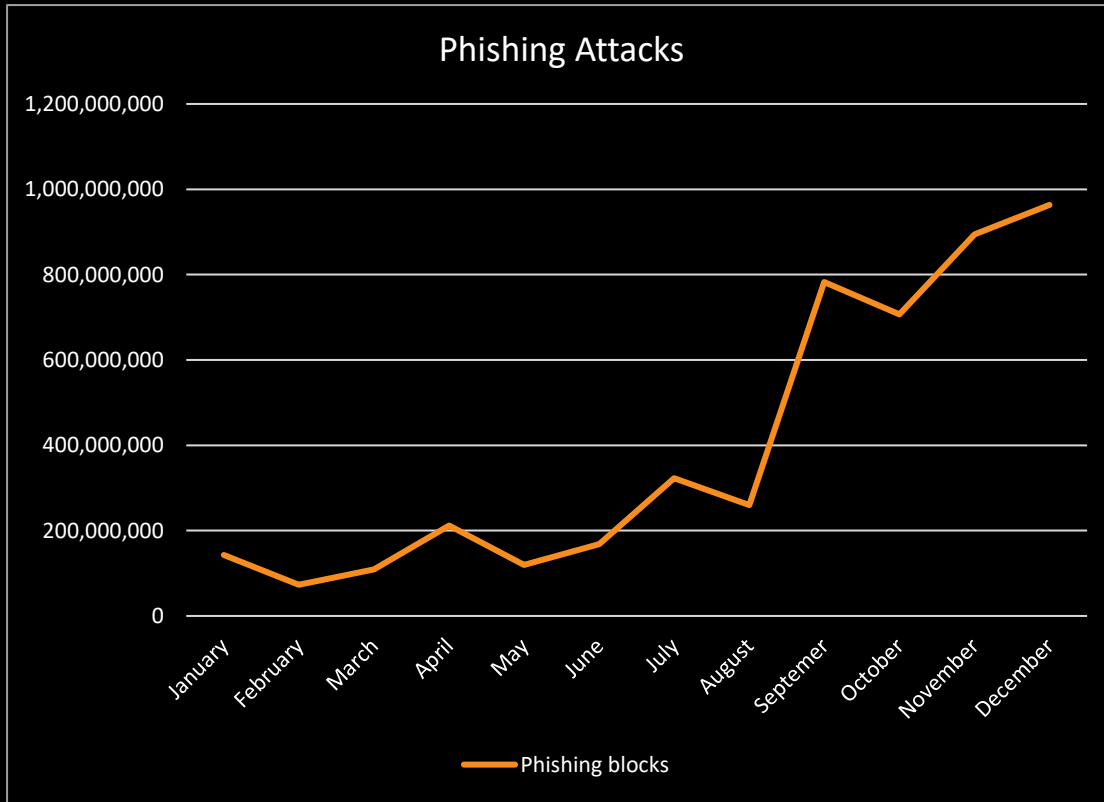


The Consumer & SMB Cybersecurity Challenge



Consumer & SMB Cyberthreats Exponentially Growing

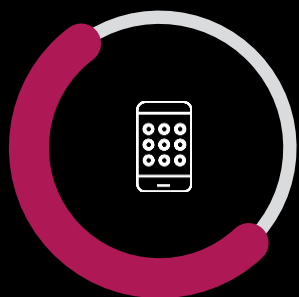
- Border between office and work has blurred
- COVID accelerated this change
- 5G will accelerate it further



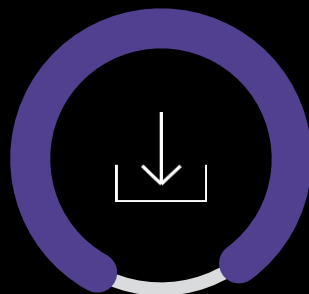
Increase of Allot Blocked Phishing Attacks in Europe in 2021
Source: Allot Cyber Threat Report, Europe Edition, February 2022

Global Increase in Malware 2018-2022
Source: AV-Test - [Malware Statistics & Trends Report | AV-TEST, April 5, 2022](#)

Security Apps Don't Protect the Mass Market



Consumers don't want to implement security apps on all their devices



Up to 5% of consumers actually download security apps



Security apps do not solve the problem

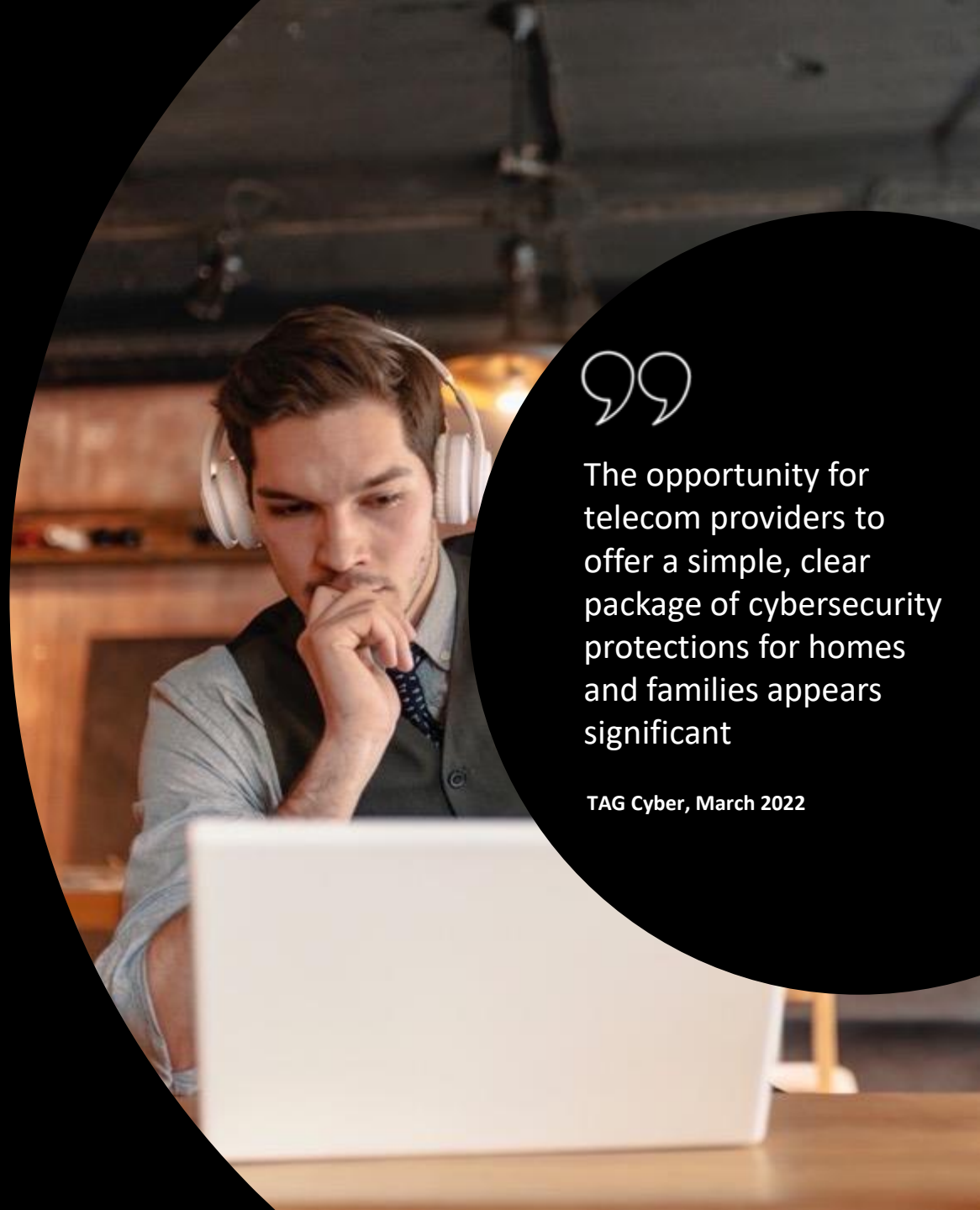
Consumers and SMBs cannot be their Own CISO!

* Based on conversations with CSPs



The opportunity for telecom providers to offer a simple, clear package of cybersecurity protections for homes and families appears significant

TAG Cyber, March 2022



The Opportunity



Consumers are Aware of Threats and Expect CSPs to Provide Solutions

70% of consumers expect the CSP to provide a security solution to protect them from malware attacks

68% of US consumers worry about being a victim of identity theft

63% of US consumers worry about unauthorized access into their bank accounts

Based on survey of 4,000 global participants in Consumer Security Survey, conducted by Coleman Parkes Research, London, April 2022

US Consumers are Willing to Pay to be Protected

MOBILE USERS

90% of US consumers are willing to pay for a security application that protects all their mobile devices

63% minimum of \$2 a month

38% minimum of \$4 a month

FIXED BROADBAND USERS

93% Of US consumers are willing to pay for a security application that protects their broadband connections

76% excess of \$3 a month

46% excess of \$5 a month

Based on survey of 4,000 global participants in Consumer Security Survey, conducted by Coleman Parkes Research, London, April 2022

CSPs Well Positioned to Provide Security Services



Sole provider of access to the network.



Capable of blocking attacks before they reach the customer



Multiple touch points with customers: trusted brand, billing, frequent interactions

Network-Based Cybersecurity is the “Next Big Thing” for CSPs

Value #1

Brand
recognition

Value #2

New
revenues

Value #3

Customer loyalty:
Churn reduction

F A A N G c a n ' t d o t h i s .



CSPs will be
Consumer & SMB
Cybersecurity Heroes





Allot Revolutionizing Consumer & SMB Cybersecurity

The Allot Secure Solution





Allot Secure

Protecting consumers from threats/crime on the network

- Any threat
- Anywhere
- Any device

Allot Secure 360

The only company to offer a full unified "security blanket"



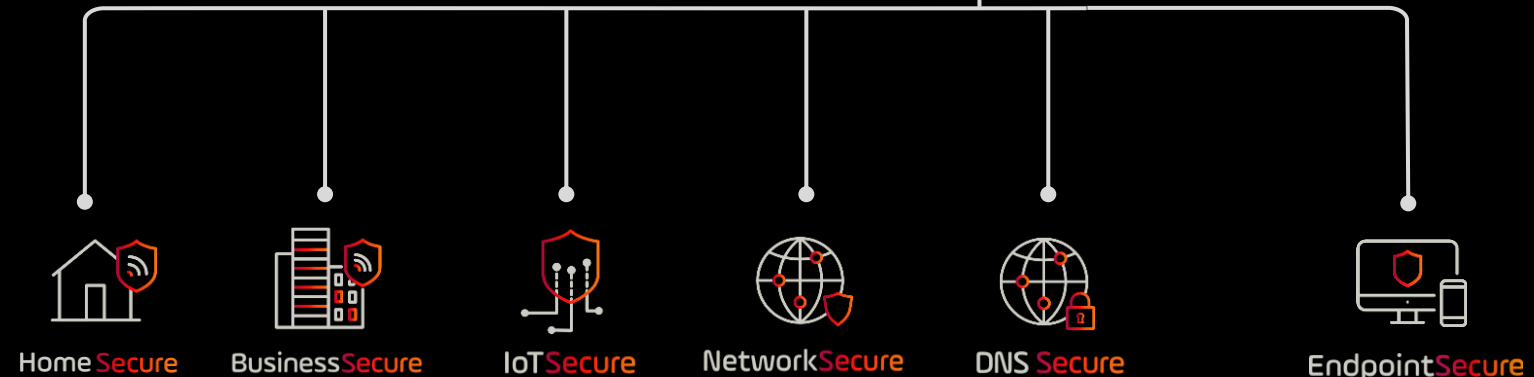
Allot Cloud

- Threat Intelligence
- Web Categorization
- Device Fingerprinting



Allot Secure Management

- One seamless security experience
- Subscriber Oriented



On-Net : Zero touch onboarding

No need to download / install

Off-Net

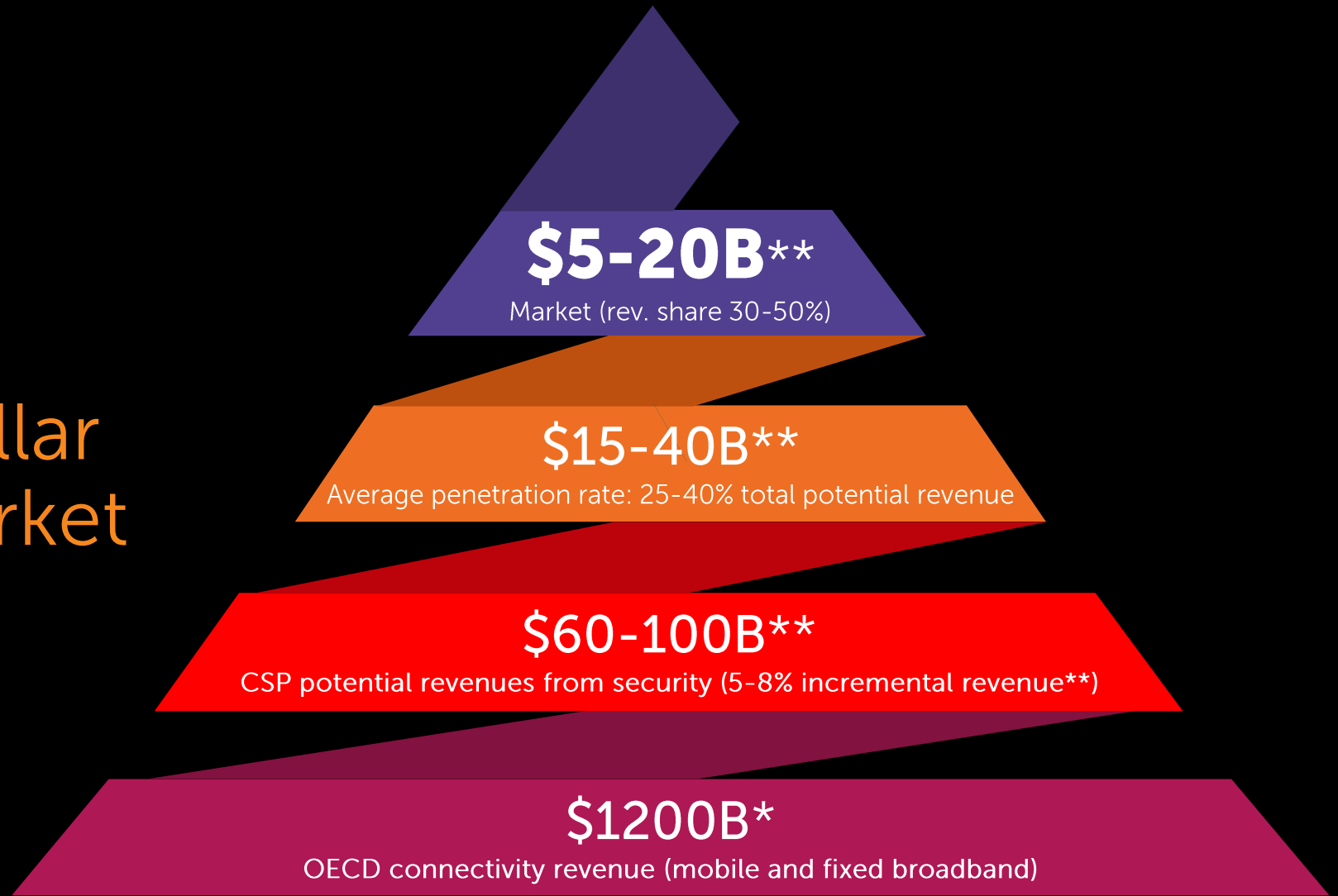
App per device



The Economics



Multi-Billion Dollar Addressable Market

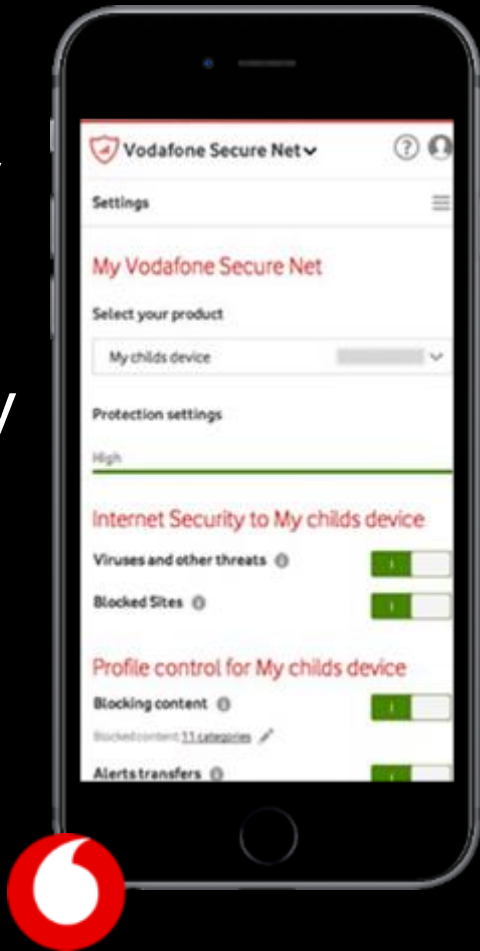


* Source: OECD Trends in Telecommunications Revenue and Investment, April 2020

** Allot estimations

*** Some numbers have been rounded off

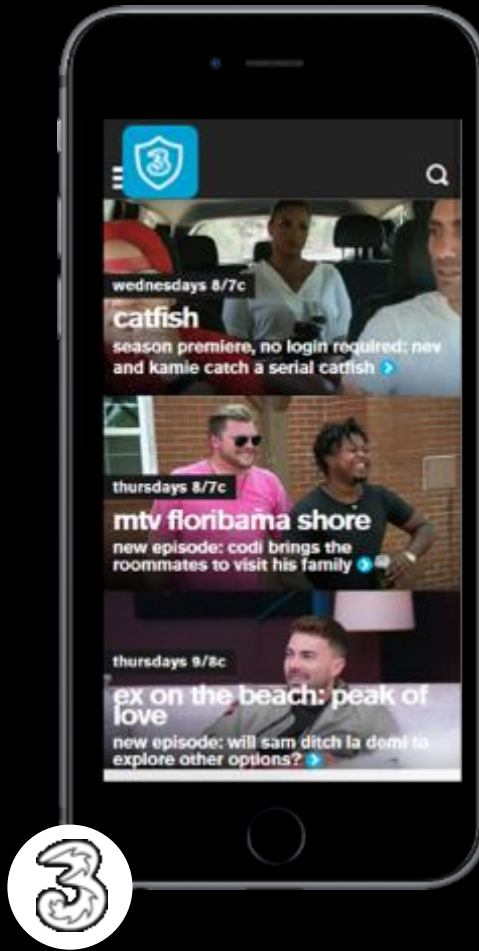
Consumers willing to pay 5% to 8% of price plan for Cybersecurity



0.99€/m

~5% of average price plan

"...Vodafone Secure Net is a unique service that protects you simply and safely on your Vodafone connected devices."



1.5€/m

~8% of average price plan

"...The Drei Internet Protection protects Drei customers regardless of device..."



Telefonica SMB

10€/m

~20% of average price plan

"...Browse with complete peace of mind and configure the service according to your business needs"



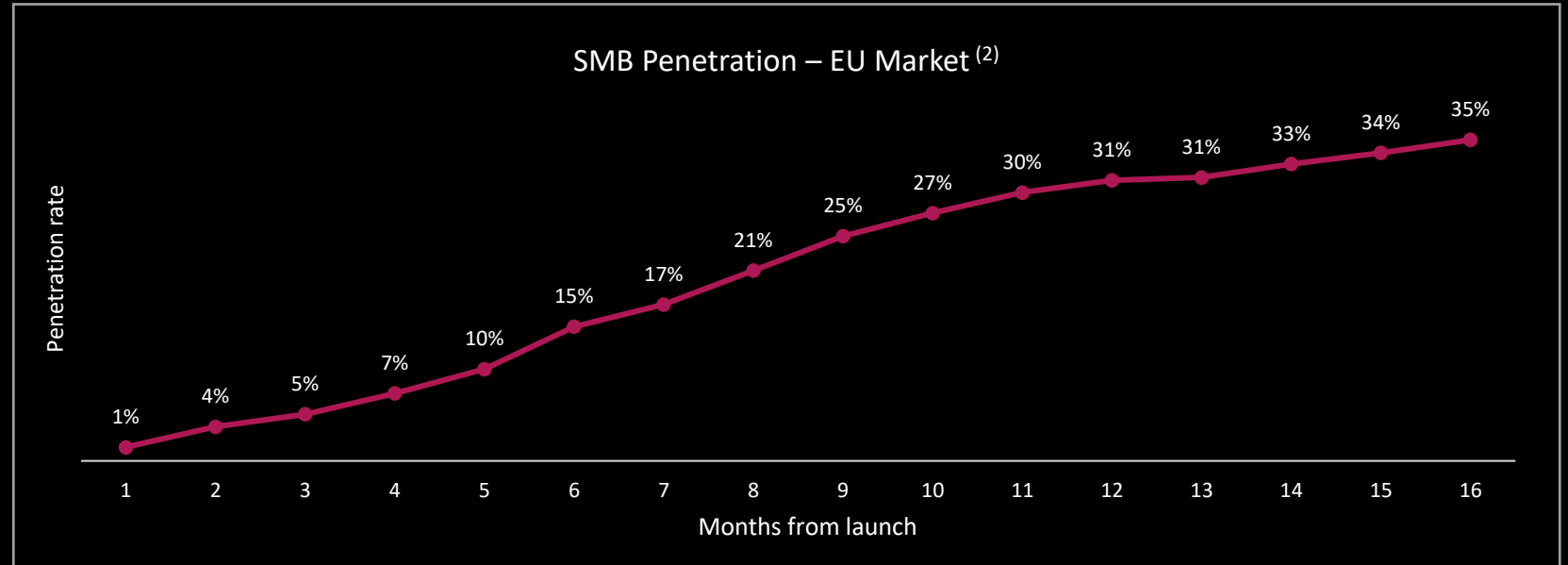
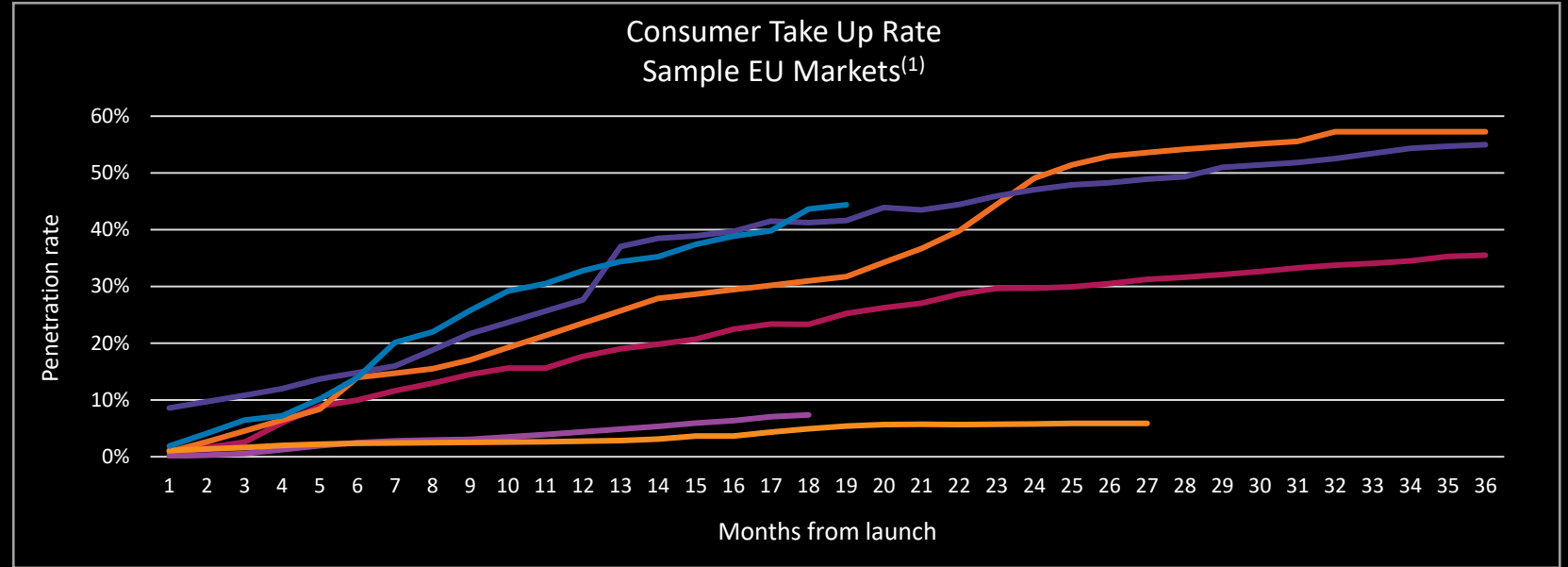
0.99€/m

~6% of average price plan

"... removes the burden from our customers by protecting them wherever they are."



Extraordinary Take Up Rate by Consumers & SMBs*



* Examples of existing customers

⁽¹⁾ Data from several Tier 1 CSPs in EU

* Figures out of the TAM

Allot CSP Value Proposition



Provide all required to CSP (hardware, software, professional services, marketing support and support & maintenance)



0 upfront charge



0 financial commitment



Revenue share

Some operators are willing to share up to 50% of security revenues with Allot.



We are facing attach rates of up to 80% of new customers.

Martin Westhoff
Strategy and Marketing Home
at Hutchison Drei Osterreich



Simple on-boarding provides a key factor as customers are happy to receive immediate protection with no hassle. Allot contributes to a higher NPS and boost to our brand.

Jason King
Telenor Bulgaria CEO



We see the huge potential of Telefónica to achieve very high penetration rates with this type of service.

Jose Luis Gilperez
Executive Director Public Administrations, Defense
and Security, Telefónica España



Positioned for Growth



5G Networks Are More Vulnerable to Attacks

High
Bandwidth

Many Internet
connections

Many IoT
devices

5G NetProtect

Protecting Service Provider User Plane from malicious and abnormal network activities

5G
Network Protection:
Additional
Cybersecurity Growth
Engine for Allot

allot | dish

We've come to the conclusion that Allot has the most in-depth capabilities to detect, in real time, threats and with a lot of different techniques and capabilities.



Mark Rouanne
Chief Network Officer
DISH

This is Just the Beginning... **The Future is Bright.**

Allot is placed in a strategic location within the network and sees all the traffic.

Future Values:



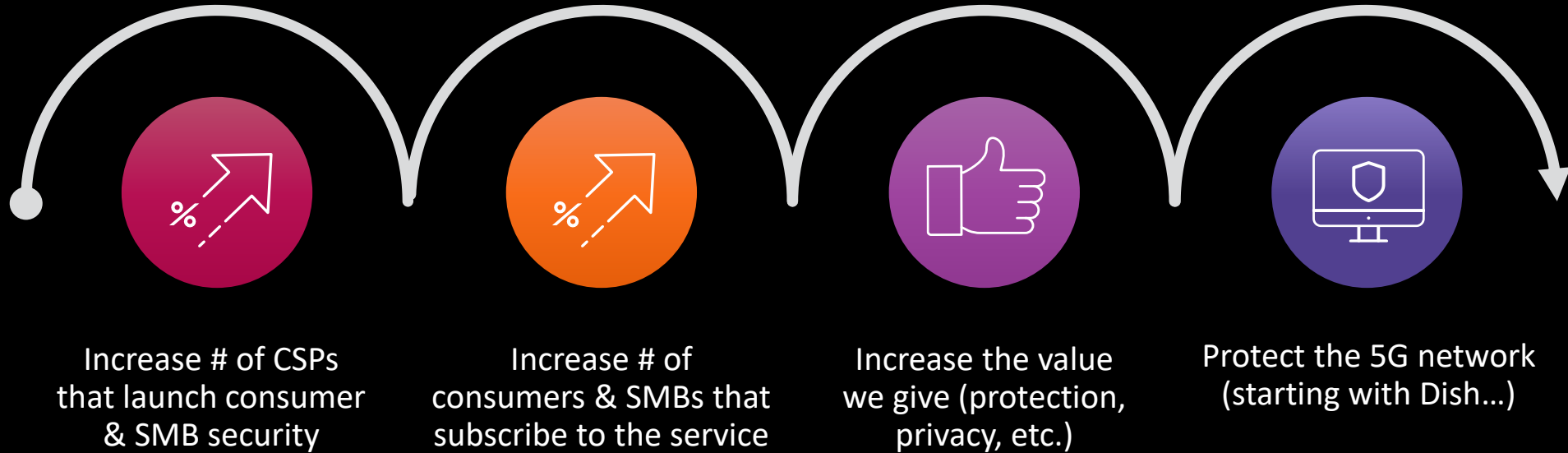
Enhanced
Data Driven
Security



Consumer
Privacy



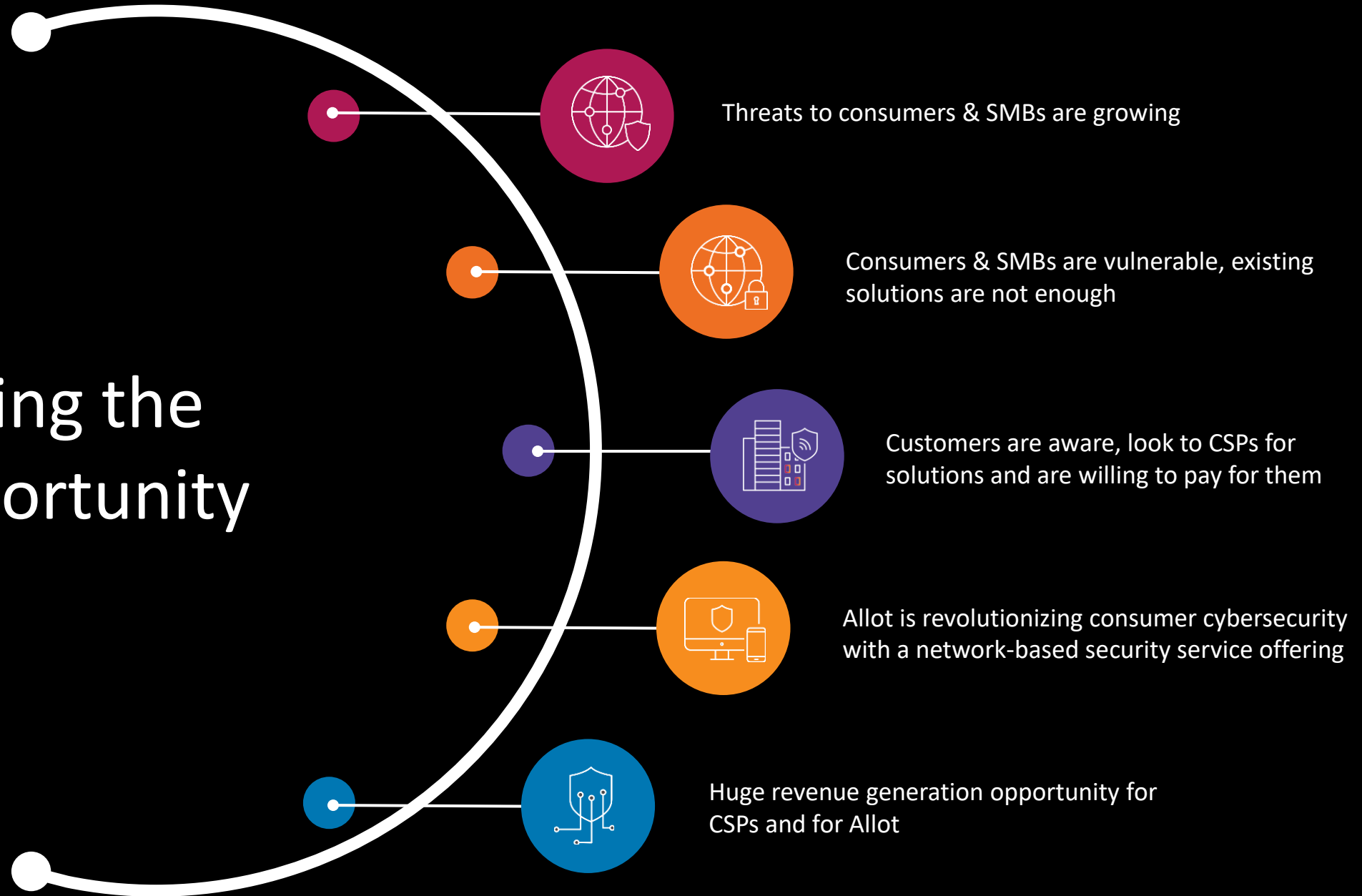
4 Growth Vectors to the Future



Allot Transformation Journey



Seizing the Opportunity





Financial Overview

Attractive and healthy financial profile...

\$144m

LTM Revenue Scale

15%

FY2017-FY2021
Revenue CAGR

70%

Non-GAAP
Q2/2022 Gross Margin

\$108m

Cash and investments*
As of Jun 30, 2022

Security driving the next phase of growth...

More than 50%

Security Revenue Contribution in the Future

More than \$60m

Recurring Revenue in the Future

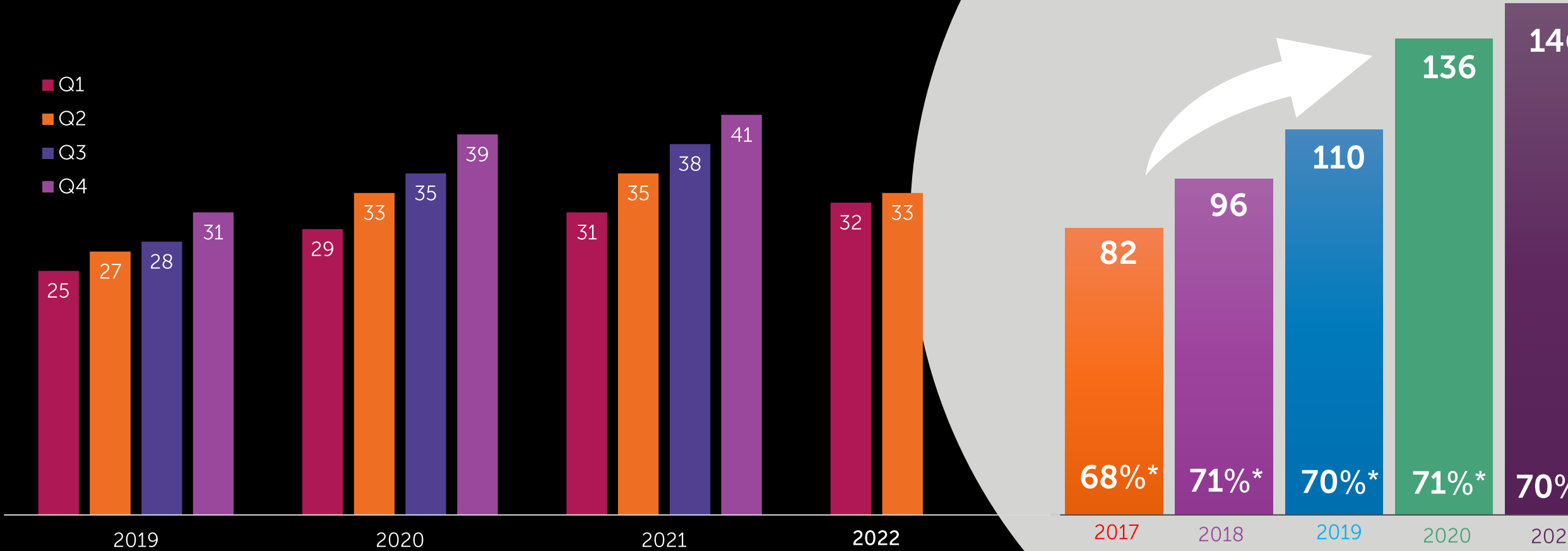
*Including: cash and cash equivalents, short-term and long-term bank deposits, restricted deposits and marketable securities



Revenue (\$M), Gross Margin*

15% CAGR (2017-2021)

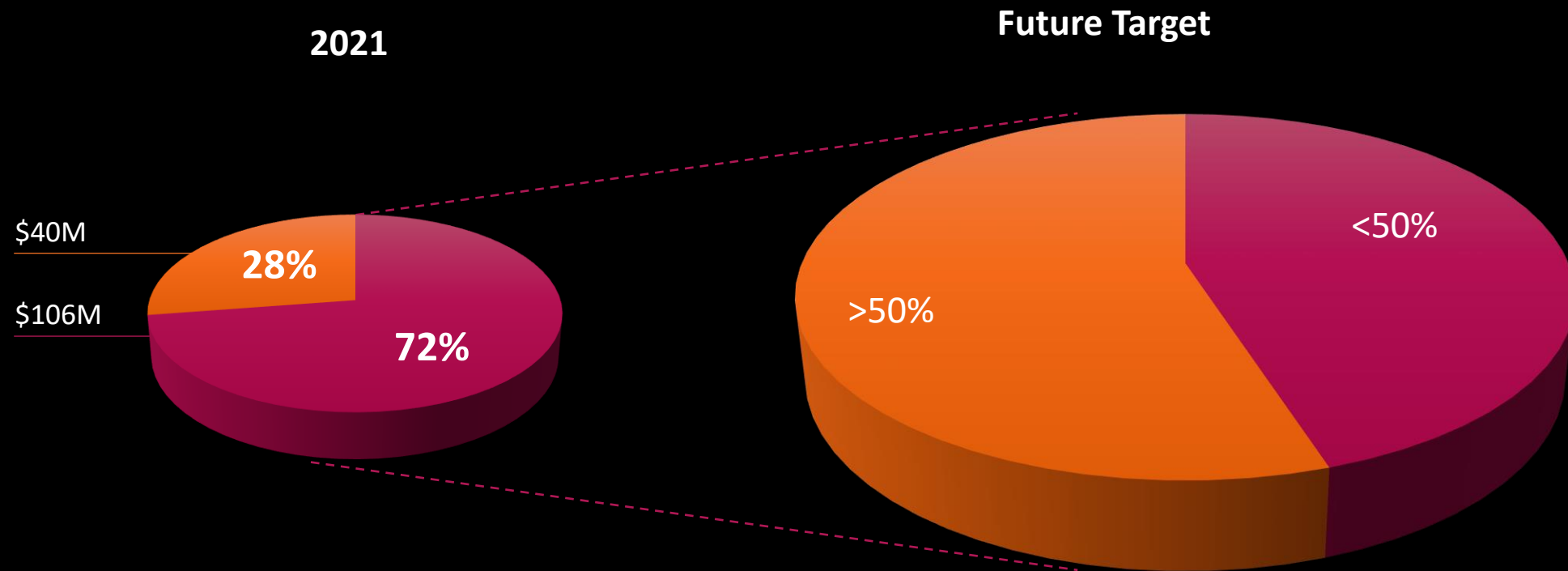
- Q1
- Q2
- Q3
- Q4



Transition to Security

(% of total company revenues)

Smart Security



Hypothetical CSP Example - SafeTelCo

- Assumptions

- 5M mobile applicable subs (TAM)
- \$20/month ARPU

- SECaaS Pricing:

- \$1/month for security (5%)

- MAR Calculation*:

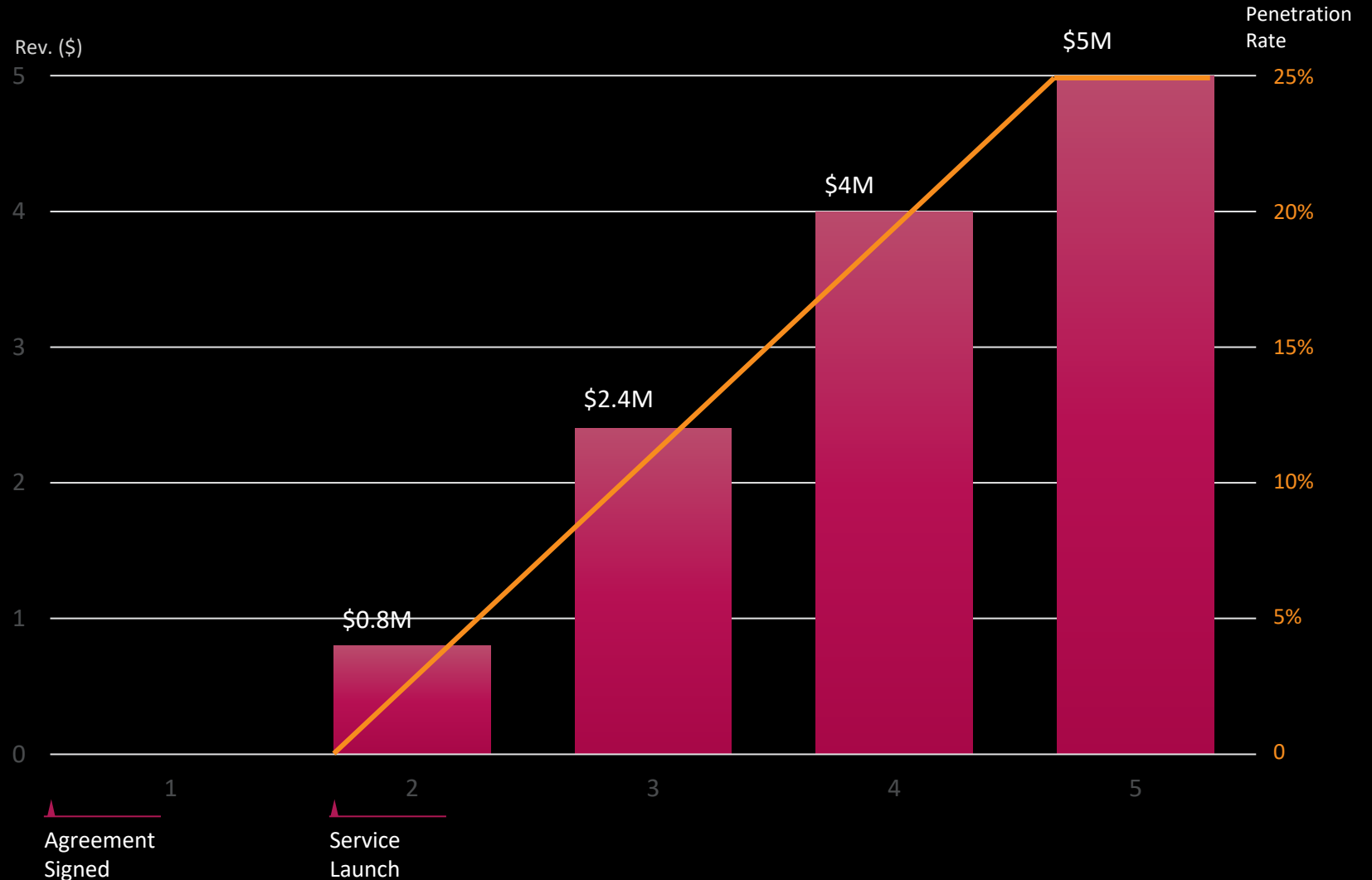
- Allot rev-share 33%
- MAR** = \$20M (5M*\$4)
(\$1*12*33%=\$4/sub/year)

- Maximum Penetration:

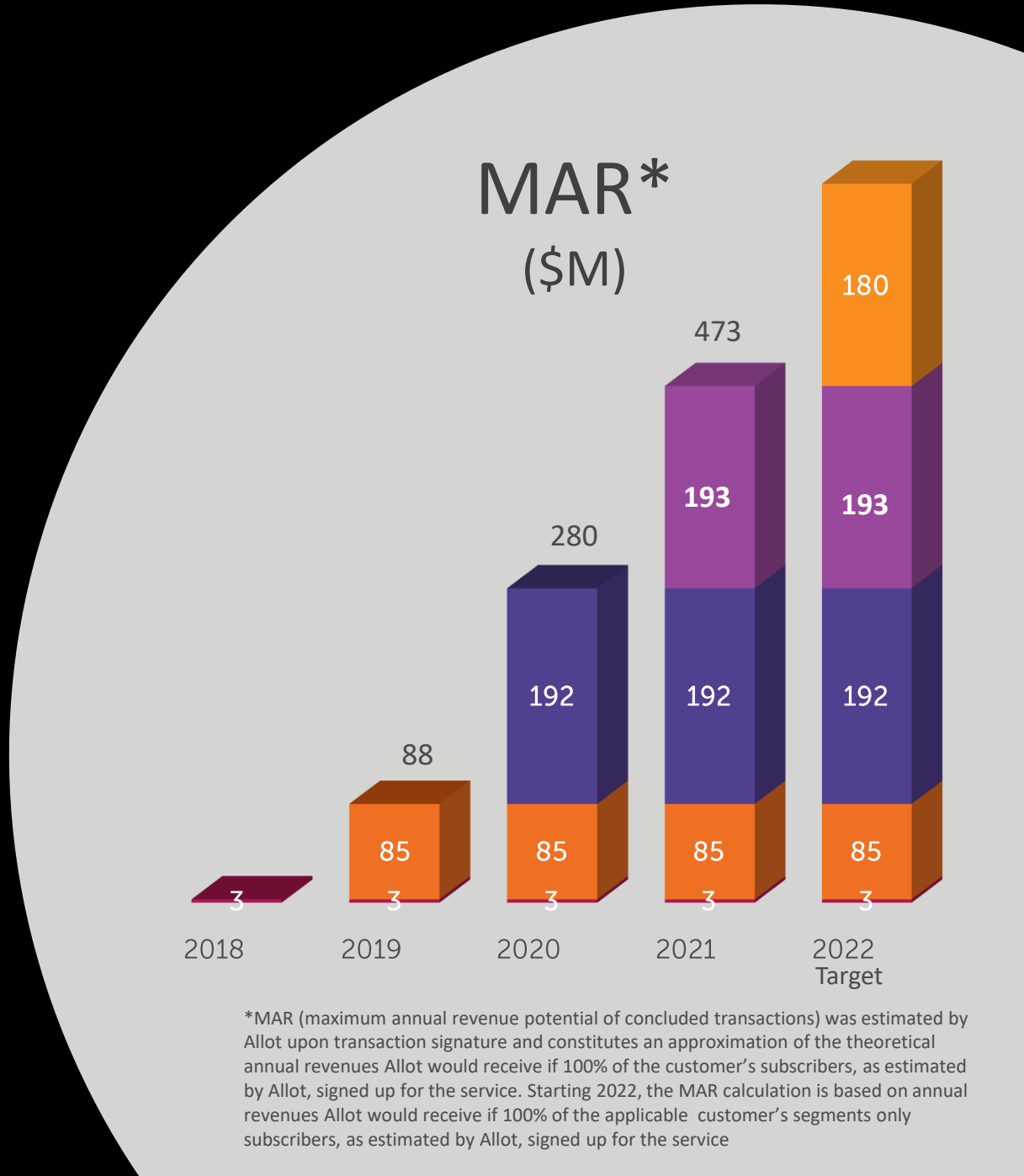
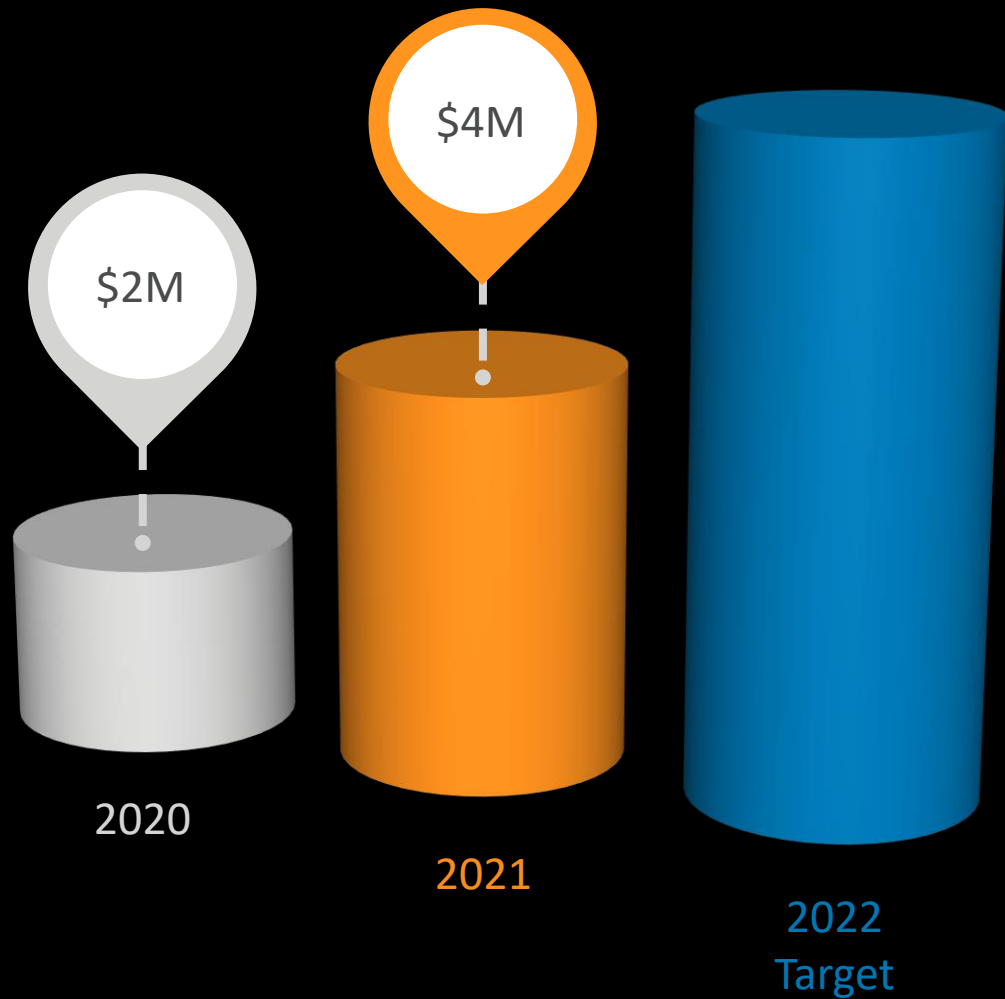
25%, 3 years after launch

*Assuming a consumer base of 5 million mobile subscribers each paying \$1 per month for Allot-provided security services and a 33% revenue share in favor of Allot, Allot would earn \$20 million in revenues annually, or \$4 per subscriber annually.

**MAR (maximum annual revenue potential of concluded transactions) was estimated by Allot upon transaction signature and constitutes an approximation of the theoretical annual revenues Allot would receive if 100% of the applicable customer's segments only subscribers, as estimated by Allot, signed up for the service.

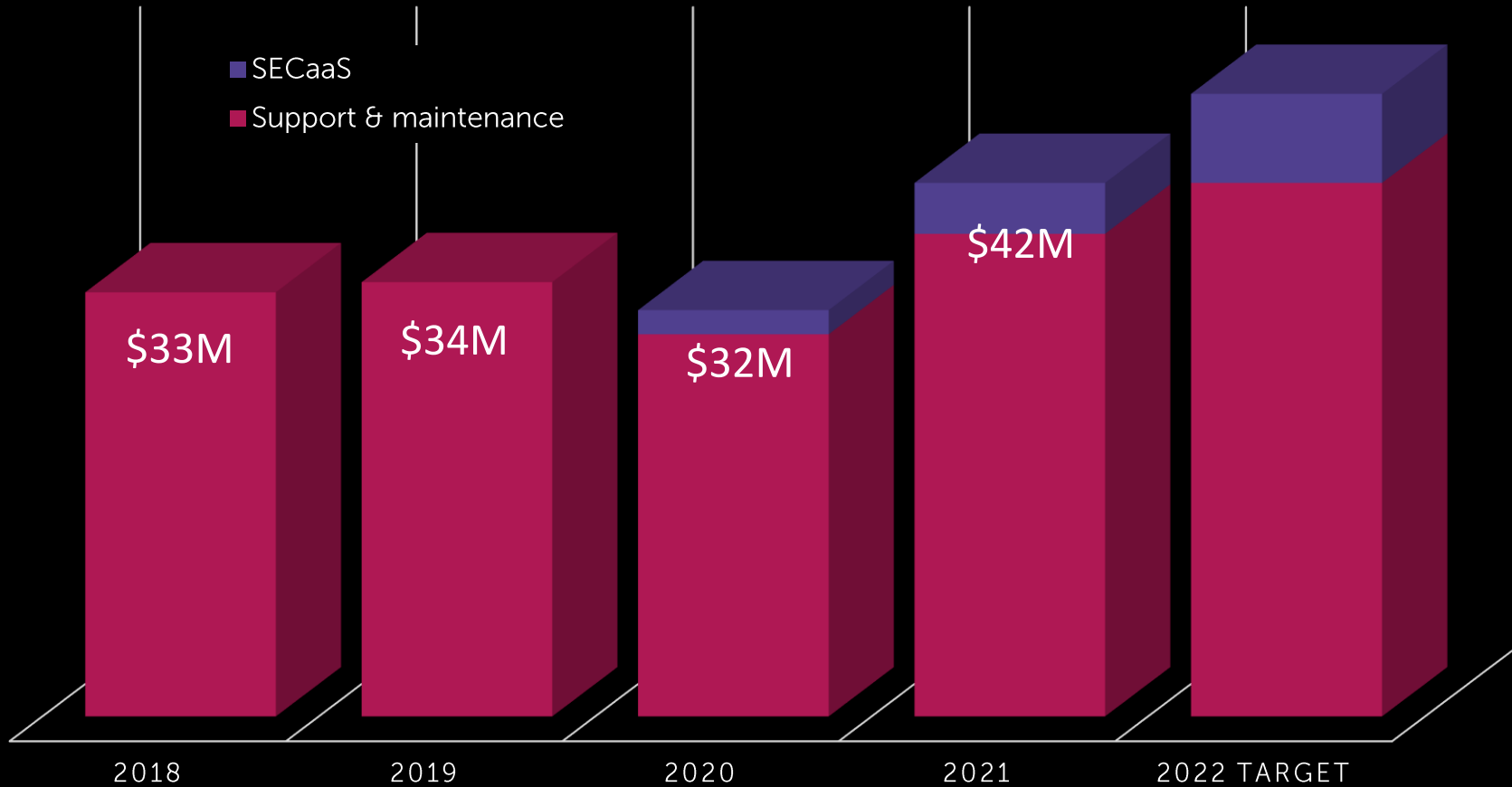


SECaaS Revenues



*MAR (maximum annual revenue potential of concluded transactions) was estimated by Allot upon transaction signature and constitutes an approximation of the theoretical annual revenues Allot would receive if 100% of the customer's subscribers, as estimated by Allot, signed up for the service. Starting 2022, the MAR calculation is based on annual revenues Allot would receive if 100% of the applicable customer's segments only subscribers, as estimated by Allot, signed up for the service

Improving Revenue Visibility



Future target

More than

\$60M

in recurring revenue

\$M	2019	2020	2021	Q2-2022 YTD	2022 Target
Revenues	110	136	146	65	125-130
Gross Margin	70%	71%	70%	70%	70%
OPEX	85	100	108	53	111-115
Operating Profit (Loss)	(8)	(3)	(5)	(7)	(23)-(24)
SECaaS revenues	0.2	1.9	4.1	3.2	~7
SECaaS ARR (last month run-rate)	0.5	2.7	5.2	6.9	~9

Non-GAAP



allot

Thank You!