

**RADCOM  
Q4-2023 CONFERENCE CALL**

**January 31<sup>st</sup>, 2024**

# AGENDA

- Introduction and safe harbor
- CEO – Eyal Harari, Chief Executive Officer
- CFO – Hadar Rahav, Chief Financial Officer
- Q&A

# SAFE HARBOR PROVISION

Forward-looking statements in the conference call involve several risks and uncertainties, including, but not limited, to the company's statements about full-year 2024 revenue guidance, the 5G market and industry trends and expected increase in standalone 5G launches, the role the company is expected to play in the 5G transformation, expected increases in sales activities and opportunities, its pipeline, the expected impact of currency rates, the company's market position, cash position, potential and expected growth and profitability in 2024 and thereafter, its expectations with respect to research and development and sales and marketing expenses, as well as grants from the Israel Innovation Authority, the company's expectations with respect to its relationships with Rakuten, DISH, AT&T and Vodafone, its expectation to continue enhancing its software solutions and demand for its solutions, of the role of its 5G solutions in cloud deployments, its ability to capitalize on 5G opportunities and win more market share, and the potential of the company's use of artificial intelligence in its products.

The full safe harbor provisions, including risks that could cause actual results to differ from these forward-looking statements, are outlined in the presentation and the Company's SEC filings.

The Company does not undertake to revise or update any forward-looking statements for any reason.

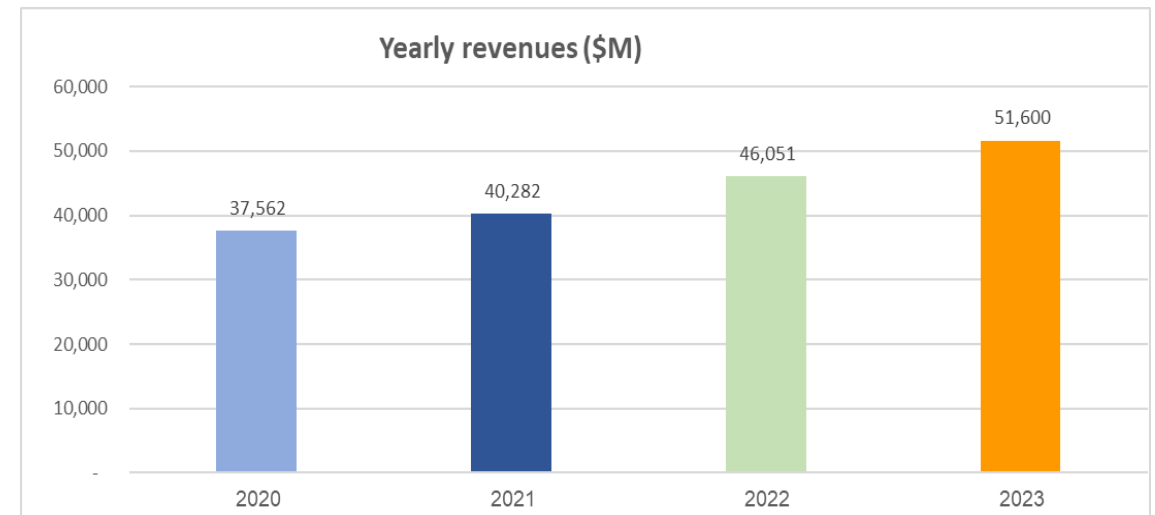
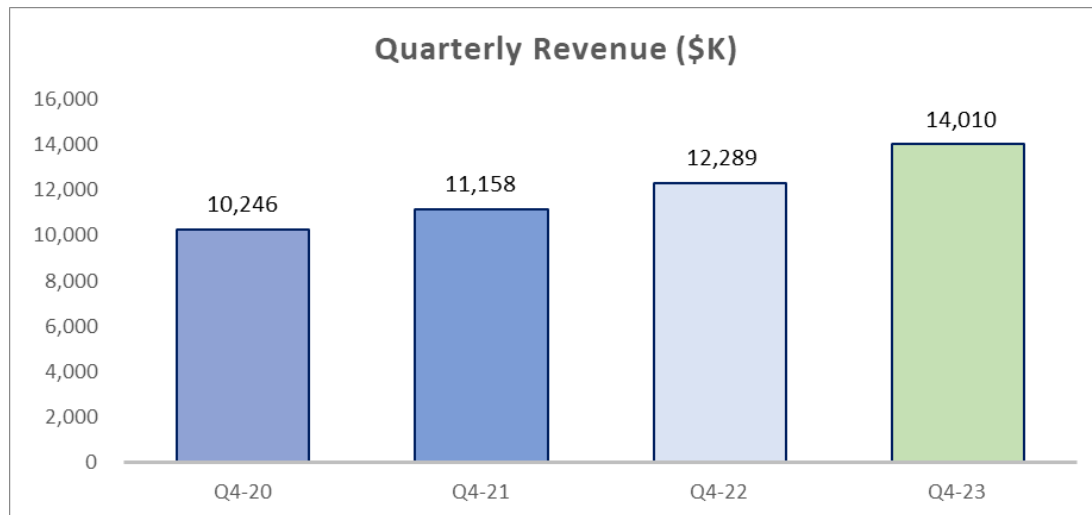
# NON-GAAP FINANCIAL MEASURES

In this conference call, management will refer to certain non-GAAP financial measures, which are provided to enhance the user's overall understanding of the Company's financial performance. By excluding certain non-cash stock-based compensation expenses, acquisition-related expenses, and amortization of intangible assets related to acquisitions, and financial (income) expenses non-GAAP results provide information helpful in assessing RADCOM's core operating performance and evaluating and comparing the results of operations consistently from period to period.

The presentation of this additional information is not meant to be considered a substitute for the corresponding financial measures prepared in accordance with generally accepted accounting principles. Investors are encouraged to review the reconciliations of GAAP to non-GAAP financial measures included in the quarter's earnings release, available on the Company's website at [www.radcom.com](http://www.radcom.com), the content of which does not form a part of this presentation.

# Q4-23 OVERVIEW

- Fourth-quarter revenues of \$14.0 million, 14% quarterly revenue growth year-over-year.
- Managed costs carefully and maintained the same non-GAAP operating expenses (\$8.0M compared to \$8.4M in the fourth quarter of 2022).
- GAAP net income was \$2.3 million compared to a net loss of \$0.03 million in the same period in 2022.
- Non-GAAP net income was \$3.8 million compared to \$1.3 million in the same period in 2022.
- Cash and cash equivalents and short-term bank deposits of \$82.2 million and no debt.





# FOURTH QUARTER 2023 FINANCIAL RESULTS

# CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

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

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Revenues	\$ 14,010	\$ 12,289	\$ 51,600	\$ 46,051
Cost of revenues	\$ 3,435	\$ 3,391	\$ 13,773	\$ 12,714
Gross profit	\$ 10,575	\$ 8,898	\$ 37,827	\$ 33,337
Gross profit %	75%	72%	73%	72%
Research and development, gross	\$ 4,327	\$ 5,290	\$ 19,575	\$ 21,483
Less - royalty-bearing participation	\$ 190	\$ 160	\$ 736	\$ 762
Research and development, net	\$ 4,137	\$ 5,130	\$ 18,839	\$ 20,721
Sales and marketing	\$ 3,720	\$ 3,281	\$ 14,592	\$ 12,270
General and administrative	\$ 1,297	\$ 1,225	\$ 5,058	\$ 4,460
Total operating expenses	\$ 9,154	\$ 9,636	\$ 38,489	\$ 37,451
Operating loss	\$ 1,421	\$ (738)	\$ (662)	\$ (4,114)
Financial income, net	\$ 1,248	\$ 751	\$ 4,557	\$ 2,016
Income (loss) before taxes on income	\$ 2,669	\$ 13	\$ 3,895	\$ (2,098)
Taxes on income	\$ (77)	\$ (39)	\$ (182)	\$ (159)
Net income (loss)	\$ 2,592	\$ (26)	\$ 3,713	\$ (2,257)
Basic net income (loss) per ordinary share	\$ 0.17	\$ (0.00)	\$ 0.25	\$ (0.16)
Diluted net income (loss) per ordinary share	\$ 0.17	\$ (0.00)	\$ 0.24	\$ (0.16)

# CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
	<b>NON-GAAP (1)</b>			
Revenues	\$ 14,010	\$ 12,289	\$ 51,600	\$ 46,051
Cost of revenues	\$ 3,307	\$ 3,291	\$ 13,181	\$ 12,322
Gross profit	\$ 10,703	\$ 8,998	\$ 38,419	\$ 33,729
Gross profit %	76%	72%	74%	73%
Research and development, gross	\$ 3,903	\$ 4,688	\$ 16,885	\$ 18,986
Less - royalty-bearing participation	\$ 190	\$ 160	\$ 736	\$ 762
Research and development, net	\$ 3,713	\$ 4,528	\$ 16,149	\$ 18,224
Sales and marketing	\$ 3,321	\$ 2,920	\$ 12,695	\$ 10,883
General and administrative	\$ 978	\$ 942	\$ 3,833	\$ 3,565
Total operating expenses	\$ 8,012	\$ 8,390	\$ 32,678	\$ 32,672
Operating income	\$ 2,691	\$ 608	\$ 5,741	\$ 1,057
Financial income, net	\$ 1,233	\$ 751	\$ 4,617	\$ 2,016
Income before taxes on income	\$ 3,924	\$ 1,359	\$ 10,358	\$ 3,073
Taxes on income	\$ (77)	\$ (39)	\$ (182)	\$ (159)
Net income	\$ 3,847	\$ 1,320	\$ 10,176	\$ 2,914
Basic net income (loss) per ordinary share	\$ 0.25	\$ 0.09	\$ 0.67	\$ 0.20
Diluted net income (loss) per ordinary share	\$ 0.25	\$ 0.09	\$ 0.67	\$ 0.19

(1) Amounts exclude non-cash stock-based compensation expenses, financial income (expenses), acquisition-related expenses and amortization of intangible assets related to acquisitions.



# OPERATING EXPENSES (GAAP)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Research and development, gross	\$ 4,327	\$ 5,290	\$ 19,575	\$ 21,483
Less - royalty-bearing participation	\$ 190	\$ 160	\$ 736	\$ 762
Research and development, net	\$ 4,137	\$ 5,130	\$ 18,839	\$ 20,721
Sales and marketing	\$ 3,720	\$ 3,281	\$ 14,592	\$ 12,270
General and administrative	\$ 1,297	\$ 1,225	\$ 5,058	\$ 4,460
Total operating expenses	\$ 9,154	\$ 9,636	\$ 38,489	\$ 37,451

# OPERATING EXPENSES (NON-GAAP)

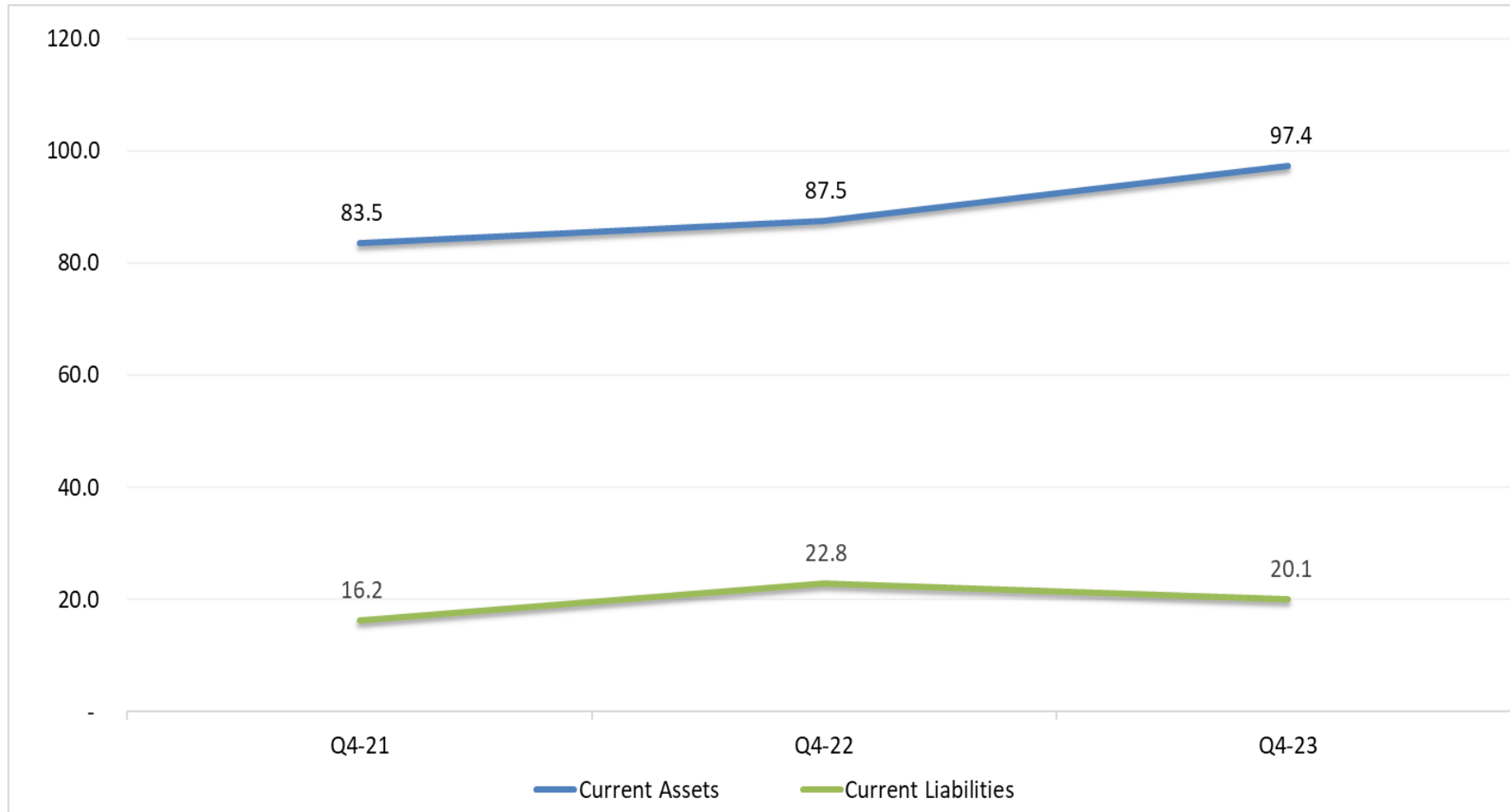
	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Unaudited
<b>NON-GAAP (1)</b>				
Research and development, gross	\$ 3,903	\$ 4,688	\$ 16,885	\$ 18,986
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Sales and marketing	\$ 3,321	\$ 2,920	\$ 12,695	\$ 10,883
General and administrative	\$ 978	\$ 942	\$ 3,833	\$ 3,565
Total operating expenses	<u>\$ 8,012</u>	<u>\$ 8,390</u>	<u>\$ 32,678</u>	<u>\$ 32,672</u>

(1) Amounts exclude non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718.

# CONSOLIDATED BALANCE SHEETS

	As of December 31, 2023	As of December 31, 2022
Cash and cash equivalents	\$ 10,892	\$ 9,527
Short-term bank deposits	\$ 71,273	\$ 64,130
Trade receivables, net	\$ 13,412	\$ 11,074
Inventories	\$ 246	\$ 795
Other accounts receivable and prepaid expenses	\$ 1,592	\$ 1,928
<b>Total Current Assets</b>	<b>\$ 97,415</b>	<b>\$ 87,454</b>
Long-term bank deposits	\$ -	\$ 4,002
Severance pay fund	\$ 3,142	\$ 3,524
Other long-term receivables	\$ 1,573	\$ 2,557
Property and equipment, net	\$ 798	\$ 1,010
Goodwill and intangible assets, net	\$ 2,950	\$ -
Operating lease right-of-use assets	\$ 1,651	\$ 2,457
<b>Total Non-Current Assets</b>	<b>\$ 10,114</b>	<b>\$ 13,550</b>
<b>Total Assets</b>	<b>\$ 107,529</b>	<b>\$ 101,004</b>
Trade payables	\$ 2,640	\$ 2,708
Deferred revenues and advances from customers	\$ 1,468	\$ 7,037
Employee and payroll accruals	\$ 5,400	\$ 5,198
Operating lease liabilities	\$ 1,062	\$ 1,024
Other liabilities and accrued expenses	\$ 9,541	\$ 6,829
<b>Total Current Liabilities</b>	<b>\$ 20,111</b>	<b>\$ 22,796</b>
Accrued severance pay	\$ 3,728	\$ 3,973
Operating lease liabilities	\$ 561	\$ 1,452
Other liabilities and accrued expenses	\$ 638	\$ -
<b>Total Non-Current Liabilities</b>	<b>\$ 4,927</b>	<b>\$ 5,425</b>
<b>Total Liabilities</b>	<b>\$ 25,038</b>	<b>\$ 28,221</b>
Shareholders' Equity	\$ 82,491	\$ 72,783
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 107,529</b>	<b>\$ 101,004</b>

# CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



**THANK YOU**