

The logo for RADCOM, featuring the word "RADCOM" in a white, sans-serif font. The letter "A" is stylized with a blue triangle above it.

RADCOM

Q4-22 CONFERENCE CALL

*February 8, 2023*



## AGENDA

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

# SAFE HARBOR PROVISION

Certain statements made herein that use words such as “estimate” , “project” , “intend” , “expect” , “believe” , “may” , “might” , “predict” , “potential” , “anticipate” , “plan” or similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. For example, when the Company discusses 5G market and industry trends , the role the Company is expected to play in the 5G transformation, sales opportunities, sales cycles, visibility, leads, pipeline and backlog, the expected impact of currency rates, the Company's market position, cash position, potential and expected growth, including scalable and profitable growth, and momentum in 2023 and thereafter, levels of recurring revenues and gross profit from such activity, 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 and AT&T, its ability to handle future growth and meet demand, its expectation to continue enhancing its software solutions and demand for its solutions, deployment of its 5G solutions in cloud environments and the potential benefits to its clients, its ability to capitalize on the emerging 5G opportunities and win more market share with new and existing customers, the potential of the Company’s vision and the use of artificial intelligence in its products, and its revenue guidance, it is using forward-looking statements. The Company does not undertake to update forward-looking statements. The full safe harbor provisions, including risks that could cause actual results to differ from these forward-looking statements, are outlined in the Company’s SEC filings.

# NON-GAAP FINANCIAL MEASURES

In this conference call, management will be referring 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, non-GAAP results provide information that is useful in assessing RADCOM's core operating performance, and in evaluating and comparing its results of operations on a consistent basis 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 which are included in the quarter's earnings release, which is 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.

# Q4-22 OVERVIEW

- Revenues for the fourth quarter of 2022 were \$12.3 million
- Cash and cash equivalents and short-term bank deposits of \$77.7 million and no debt
- 2023 revenue guidance range of \$50-\$53 million



# **FOURTH QUARTER 2022 FINANCIAL RESULTS**



# CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Audited
Revenues	\$ 12,289	\$ 11,158	\$ 46,051	\$ 40,282
Cost of revenues	\$ 3,391	\$ 3,435	\$ 12,714	\$ 11,423
Gross profit	\$ 8,898	\$ 7,723	\$ 33,337	\$ 28,859
Gross profit %	72%	69%	72%	72%
Research and development, gross	\$ 5,290	\$ 5,226	\$ 21,483	\$ 20,347
Less - royalty-bearing participation	\$ 160	\$ 194	\$ 762	\$ 537
Research and development, net	\$ 5,130	\$ 5,032	\$ 20,721	\$ 19,810
Sales and marketing	\$ 3,281	\$ 2,726	\$ 12,270	\$ 10,358
General and administrative	\$ 1,225	\$ 1,237	\$ 4,460	\$ 4,184
Total operating expenses	\$ 9,636	\$ 8,995	\$ 37,451	\$ 34,352
Operating loss	\$ (738)	\$ (1,272)	\$ (4,114)	\$ (5,493)
Financial income, net	\$ 751	\$ (40)	\$ 2,016	\$ 354
Income (loss) before taxes on income	\$ 13	\$ (1,312)	\$ (2,098)	\$ (5,139)
Taxes on income	\$ (39)	\$ (39)	\$ (159)	\$ (124)
Net loss	\$ (26)	\$ (1,351)	\$ (2,257)	\$ (5,263)
Basic and diluted net loss per ordinary share	\$ (0.00)	\$ (0.10)	\$ (0.16)	\$ (0.37)
Diluted net loss per ordinary share	\$ (0.00)	\$ (0.10)	\$ (0.16)	\$ (0.37)

# CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Audited
	NON-GAAP (1)			
Revenues	\$ 12,289	\$ 11,158	\$ 46,051	\$ 40,282
Cost of revenues	\$ 3,291	\$ 3,352	\$ 12,322	\$ 11,216
Gross profit	\$ 8,998	\$ 7,806	\$ 33,729	\$ 29,066
Gross profit %	73%	70%	73%	72%
Research and development, gross	\$ 4,688	\$ 4,748	\$ 18,986	\$ 18,979
Less - royalty-bearing participation	\$ 160	\$ 194	\$ 762	\$ 537
Research and development, net	\$ 4,528	\$ 4,554	\$ 18,224	\$ 18,442
Sales and marketing	\$ 2,920	\$ 2,573	\$ 10,883	\$ 9,493
General and administrative	\$ 942	\$ 837	\$ 3,565	\$ 3,265
Total operating expenses	\$ 8,390	\$ 7,964	\$ 32,672	\$ 31,200
Operating income (loss)	\$ 608	\$ (158)	\$ 1,057	\$ (2,134)
Financial income, net	\$ 751	\$ (40)	\$ 2,016	\$ 354
Income (loss) before taxes on income	\$ 1,359	\$ (198)	\$ 3,073	\$ (1,780)
Taxes on income	\$ (39)	\$ (39)	\$ (159)	\$ (124)
Net income (loss)	\$ 1,320	\$ (237)	\$ 2,914	\$ (1,904)
Diluted net income (loss) per ordinary share	\$ 0.09	\$ (0.02)	\$ 0.19	\$ (0.13)

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



# OPERATING EXPENSES (GAAP)

(thousands of U.S. dollars)

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Audited
Research and development, gross	\$ 5,290	\$ 5,226	\$ 21,483	\$ 20,347
Less - royalty-bearing participation	\$ 160	\$ 194	\$ 762	\$ 537
Research and development, net	\$ 5,130	\$ 5,032	\$ 20,721	\$ 19,810
Sales and marketing	\$ 3,281	\$ 2,726	\$ 12,270	\$ 10,358
General and administrative	\$ 1,225	\$ 1,237	\$ 4,460	\$ 4,184
Total operating expenses	<u>\$ 9,636</u>	<u>\$ 8,995</u>	<u>\$ 37,451</u>	<u>\$ 34,352</u>

# OPERATING EXPENSES (NON-GAAP)

(thousands of U.S. dollars)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Audited
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<b>Total operating expenses</b>	<b>\$ 8,390</b>	<b>\$ 7,964</b>	<b>\$ 32,672</b>	<b>\$ 31,200</b>

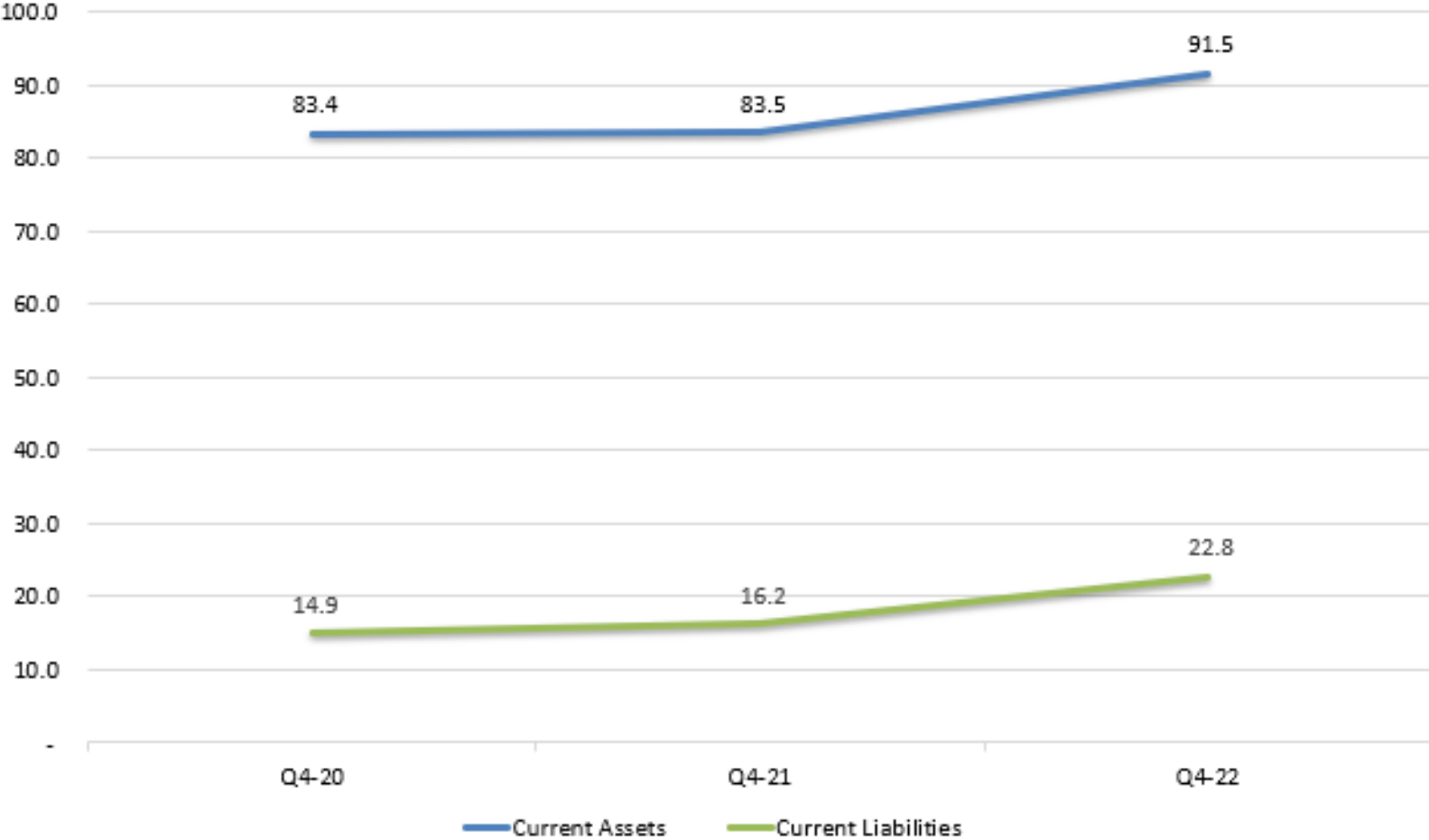
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# CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

	As of December 31, 2022 <u>(Unaudited)</u>	As of December 31, 2021 <u>(audited)</u>
Cash and cash equivalents	\$ 9,527	\$ 11,948
Short-term bank deposits	\$ 68,132	\$ 58,621
Trade receivables, net	\$ 11,074	\$ 10,031
Inventories	\$ 795	\$ 931
Other accounts receivable and prepaid expense	\$ 1,928	\$ 1,964
<b>Total Current Assets</b>	<b>\$ 91,456</b>	<b>\$ 83,495</b>
Severance pay fund	\$ 3,524	\$ 3,840
Other long-term receivables	\$ 2,557	\$ 1,258
Property and equipment, net	\$ 1,010	\$ 1,260
Operating lease right-of-use assets	\$ 2,457	\$ 1,808
<b>Total Non-Current Assets</b>	<b>\$ 9,548</b>	<b>\$ 8,166</b>
<b>Total Assets</b>	<b>\$ 101,004</b>	<b>\$ 91,661</b>
Trade payables	\$ 2,708	\$ 2,651
Deferred revenues and advances from customer	\$ 7,037	\$ 2,700
Employee and payroll accruals	\$ 5,198	\$ 4,422
Operating lease liabilities	\$ 1,024	\$ 1,045
Other liabilities and accrued expenses	\$ 6,829	\$ 5,428
<b>Total Current Liabilities</b>	<b>\$ 22,796</b>	<b>\$ 16,246</b>
Deferred revenues	\$ -	-
Accrued severance pay	\$ 3,973	\$ 4,335
Operating lease liabilities	\$ 1,452	\$ 894
Other liabilities and accrued expenses	\$ -	\$ 32
<b>Total Non-Current Liabilities</b>	<b>\$ 5,425</b>	<b>\$ 5,261</b>
<b>Total Liabilities</b>	<b>\$ 28,221</b>	<b>\$ 21,507</b>
Shareholders' Equity	\$ 72,783	\$ 70,154
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 101,004</b>	<b>\$ 91,661</b>

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



**THANK YOU**