

# RADCOM

Nasdaq: RDCM

## ANALYTICS THAT EMPOWER AUTONOMOUS 5G NETWORKS



January 2024

RADCOM

# LEGAL DISCLAIMER

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## Risks Regarding Forward-Looking Statements

Certain statements made in this presentation that use words such as “estimate,” “project,” “intend,” “expect,” “believe,” “may,” “might,” “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 its value proposition, expected trends in the telecom and analytics markets, including spending, revenues, investments and deployment of 5G, the expected size of the public cloud market and advantages of adopting the public cloud, expectations to support its clients reaching certain goals and improving operational efficiencies, trends, including with respect to Artificial Intelligence (AI) and future challenges in the telecom market, its pipeline, expected 2023 revenues and future market share, growth and profitability, it is using forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause the actual results, performance, or achievements of the Company to be materially different from those that may be expressed or implied by such statements, including, among others, changes in general economic and business conditions and specifically, decline in demand for the Company’s products, inability to timely develop and introduce new technologies, products, and applications, loss of market share and pressure on prices resulting from competition and the effects of the war in Israel. For additional information regarding these and other risks and uncertainties associated with the Company’s business, reference is made to the Company’s reports filed from time to time with the U.S. Securities and Exchange Commission. The Company does not undertake to revise or update any forward-looking statements for any reason.

## Non-GAAP information

In this presentation, management will be referring to certain non-GAAP financial measures, which are provided to enhance the overall understanding of the company’s financial performance. By excluding certain non-cash stock-based compensation that has been expensed, acquisition-related expenses, and amortization of intangible acquisitions assets, the Company’s non-GAAP results provide information to both management and investors that is useful in assessing RADCOM’s core operating performance and in evaluating and comparing our results of operations on a consistent basis from period to period. These non-GAAP financial measures are also used by management to evaluate financial results and to plan and forecast future periods. 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 “Appendix” section.

# AGENDA

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OUR VISION



NEED FOR AUTOMATION



COMPANY SNAPSHOT



OUR UNIQUE TECHNOLOGY



FINANCIAL HIGHLIGHTS



OUR BUSINESS MODEL



OPERATOR CHALLENGES

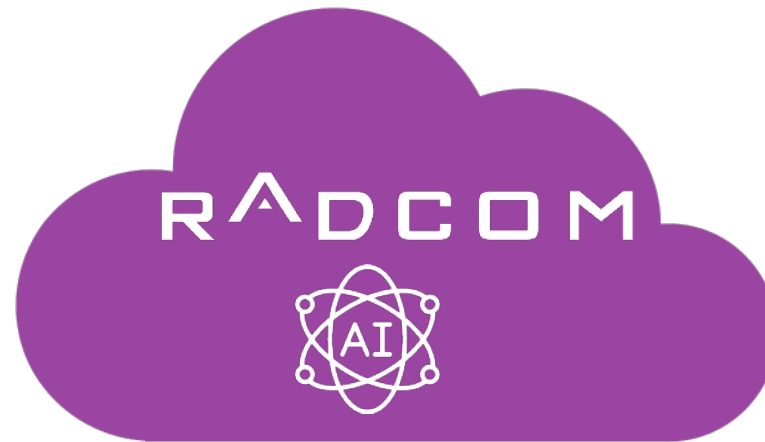


SUMMARY

# OUR VISION

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**Harness AI analytics to propel the evolution toward autonomous networks, fostering modernization, realizing cost efficiencies, and generating revenue.**



**RADCUM brings AI to the network, utilizing cutting-edge technologies in our RADCUM solution, like GenAI and the cloud, to drive automation and operational efficiencies.**

## AI IS EVERYWHERE





# COMPANY OVERVIEW (RDCM)

**EMPLOYEES:** 301

**CUSTOMERS:** Tier 1 Communication Service Providers (CSPs)

**MARKET:**

- Automated 5G assurance
- \$2.4b market size\*

**RECENT M&A:** Continual: a mobility analytics company (May 2023)

**GROWTH:**

- FY 22 revenues of \$46.1M, a company record
- 17 quarters of y-o-y growth
- Q3/23 revenues of \$13.2M, a company record

**GROSS MARGIN:** Q3/23 - 75% (non-GAAP)

**PROFITABILITY:**

- An inflection point in FY 23
- GAAP net income for the first 9 months was \$1.1 million, non-GAAP was \$6.3 million

**SELECT CUSTOMERS:**



RADCOR

\*Source: Automated assurance worldwide forecast by Analysys Mason

# OPERATOR TRENDS IN THE TELECOM MARKET

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5G  
Transformation

1



Cloud  
Adoption

2



Operational  
Efficiencies

3



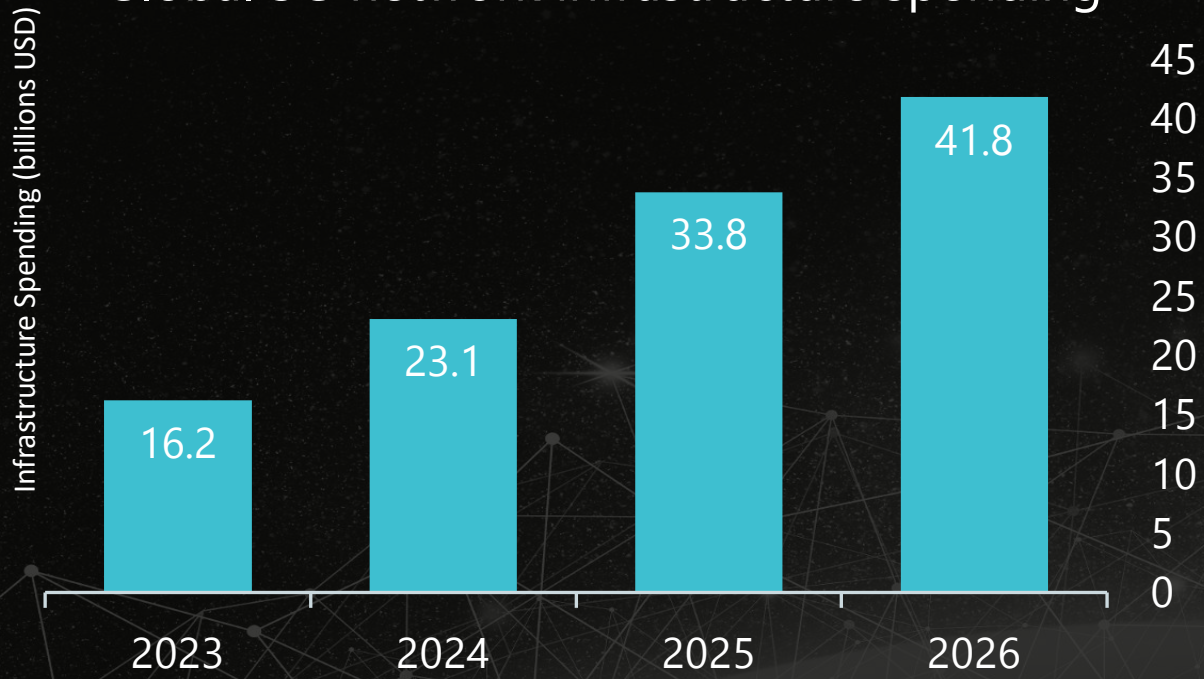
Customer  
Experience

4



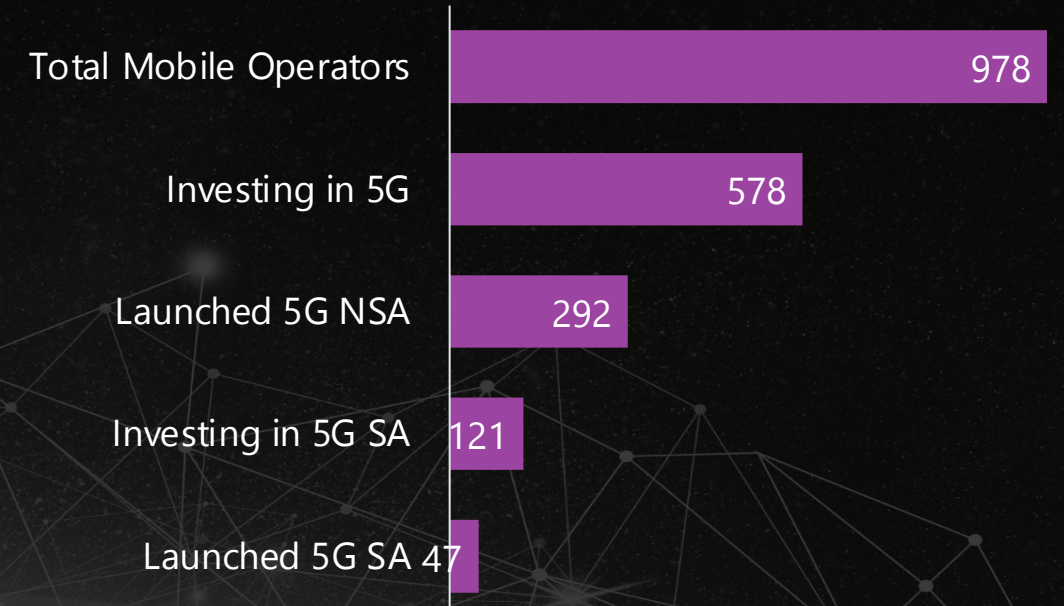
# #1 - TRANSFORMATION TO 5G

## Global 5G network infrastructure spending



\*Source: The Edge of the Cloud - 5G Technology

## Operators investing and deploying 5G



## The path to true 5G

4G  
(2009)



Initial 5G NSA  
(2019)



Initial 5G SA  
(2023)



True 5G  
(2024-2026)



# #2 - ADOPTING THE PUBLIC CLOUD

- Improve operations and decrease expenses
- Provide more agility and flexibility
- GenAI is encouraging operators to use the cloud
- Typically, operators collaborate with multiple cloud providers



The public cloud market is expected to reach

**US\$ 99.4 Bn\*** by 2032.



We selected RADCOM because its **advanced cloud technology** will ensure our customers have access to reliable network performance and a great user experience.



Jeff McSchooler, EVP, Wireless Network Operations,  
DISH Wireless



# #3 - OPERATIONAL EFFICIENCIES

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As operators invest and provide high-quality services at competitive prices, they face the challenge of managing costs effectively.

## 1 Optimizing network infrastructure

Identify areas of improvement that lead to cost-effective operations

## 2 Leveraging technology advancements

Data analytics and automation drives cost reduction

## 3 Automating operations

Optimizing procedures and tasks within the organization

## 4 Modernizing legacy solutions

Automating repetitive tasks and leveraging advanced technologies like GenAI

# #4 - PRIORITIZING THE CUSTOMER EXPERIENCE

- It is difficult for operators to differentiate
- Subscribers can easily churn and move to a competitor
- Customer experience is emerging as the primary competitive differentiator
- Reduces churn and builds customer loyalty

**\$65M**

Average monthly loss from churn

**25X**

The cost of acquiring new customers vs. the cost of retaining them

**75%**

Of subscribers signing up with a new operator every year came from another operator



Operators must recalibrate their customer experience strategies to tackle the increasing network complexity as they embark on 5G

Quote: Heavy Reading analyst Anil Rao in Delivering superior customer experiences in the 5G era: three key assurance cornerstones



# OUR VALUE PROPOSITION

## 1 5G TRANSFORMATION

At the early stages with assurance critical for 5G

## 2 UNIQUE OFFERING

1<sup>st</sup> to-market and best-in-class solution for 5G and the cloud using advanced AI

## 3 BUSINESS MODEL

Offer a subscription-based model that offers customer value and provides solid recurring revenue

## 4 INDUSTRY ENDORSEMENTS

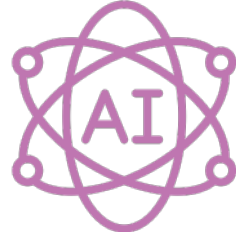
Solution endorsed by leading operators like DISH, Rakuten Mobile, AT&T

# RADCOM: UNIQUE OFFERING BUILT FOR 5G



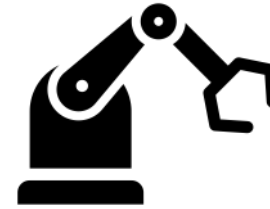
## Cloud Native

- 1<sup>st</sup> assurance vendor to be cloud-native
- Integrated with AWS, Google Cloud, Microsoft Azure
- Real-life expertise and knowledge



## AI-Powered Analytics

- Provides real-time data with AI
- Using AI to drive quality, save costs, and reduce churn
- Work with academic institutions and industry experts to advance AI technology



## Automated

- Drives network efficiencies
- Reduces CAPEX and OPEX
- Improves team efficiency and resolves issues faster



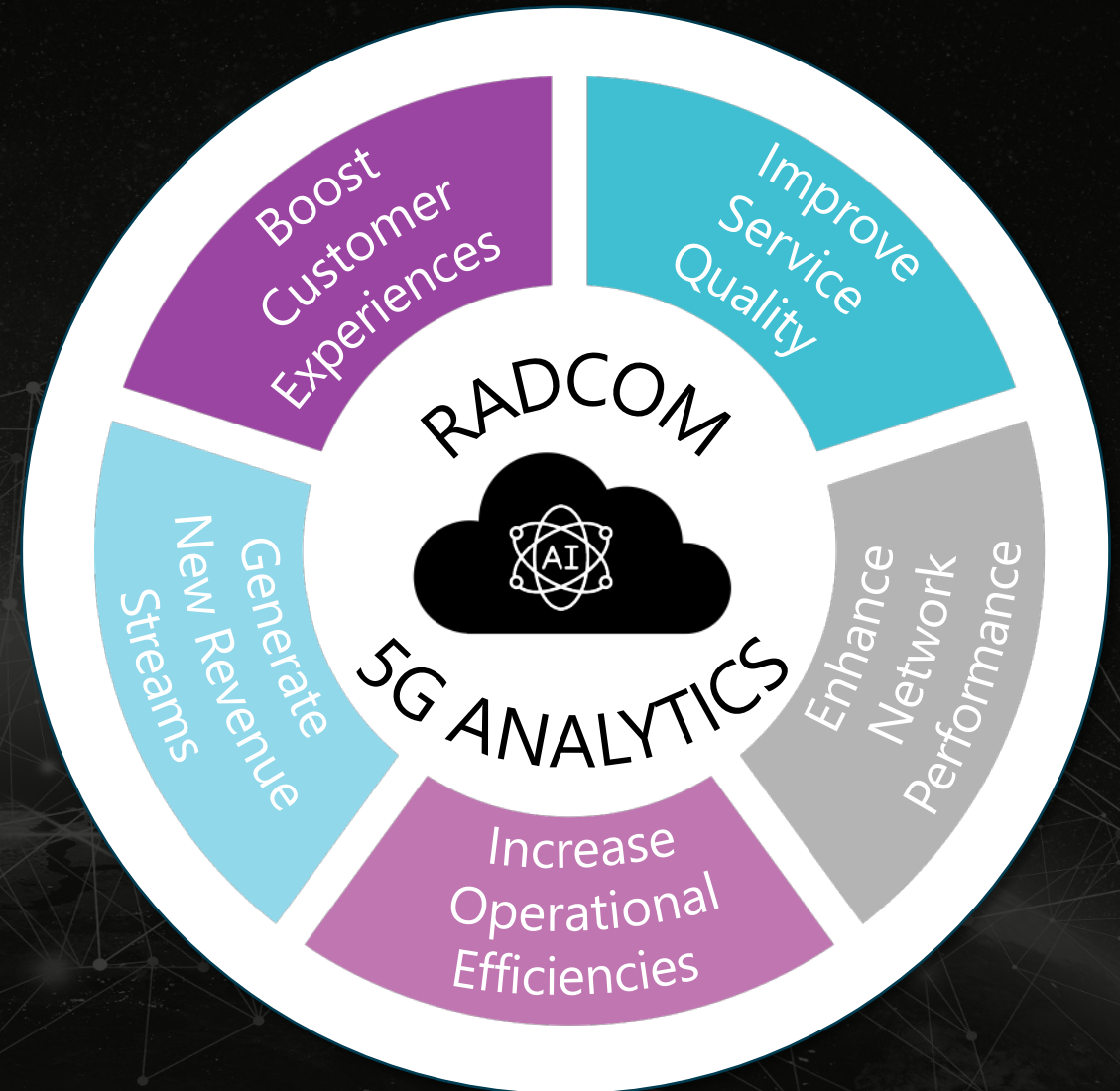
## End-to-End Solution

- Offer full-stack
- One-stop solution across all technologies and services
- One pane of glass for multiple departments and use cases



# RADCOM: 5G ANALYTICS FOR OPERATORS

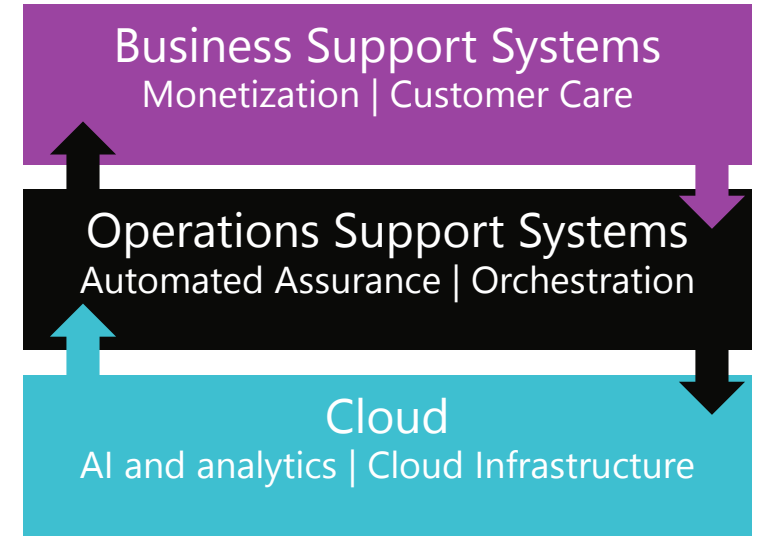
- Innovative AI technology to help manage complex 5G networks
- RADCOM NetTalk: AI assistants that help operators streamline network operations
- Taps into the wealth of data RADCOM ACE produces as it monitors the network using natural language
- Uses the power of Generative AI and trusted data to manage the network faster and cost-effectively



# OUR TRANSITION TO AI-POWERED ANALYTICS

- We are traditionally a probe vendor
- Evolved to analytics, GenAI and cloud
- By 2027, analytics expected to account for over 55% of total spending in AA\*

*\*Source: Automated assurance report by Analysys Mason*



*Source: Telecom software and networks market segmentation Automated assurance by Analysys Mason*



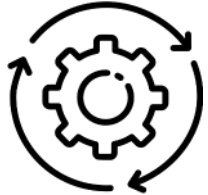
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- Boost customer experiences
- Improve service quality
- Enhance network performance
- Increase operational efficiencies
- Generate new revenue streams

# BENEFITS OF RADCOM AI IN THE NETWORK



## Automate Network Operations

- 25% reduction in manual work by using AI-analysis
- 30% OPEX savings



## Improve Operational Efficiencies

- 60% of issues detected early
- 60% improvement in mean time to repair



## Enhance Service Quality

- 35% faster network issue resolution
- 45% less buffering with predictive video analytics



## Boost the Customer Experience

- 25% improvement in network promoter score
- 30% reduction in customer complaints



## Reduce Operational Costs

- 30% energy savings
- 40% OPEX savings

# OUR BUSINESS MODEL

## RECURRING REVENUE

- Over 70% of revenue recurring
- 17<sup>th</sup> consecutive quarter of growth

## HEALTHY PIPELINE

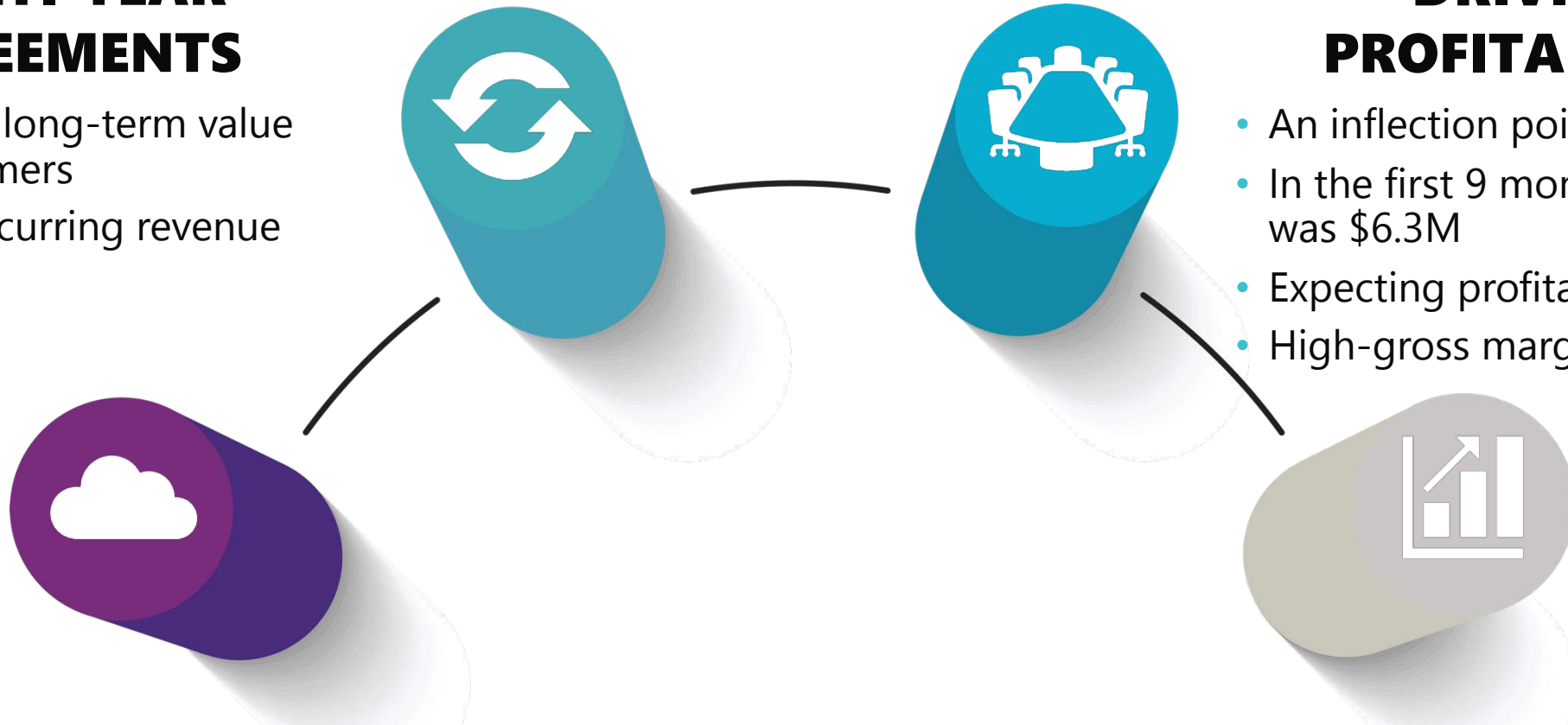
- More potential multi-year contracts
- Main market opportunity is ahead of us

## MULTI-YEAR AGREEMENTS

- Provides long-term value to customers
- Drives recurring revenue

## DRIVING PROFITABILITY

- An inflection point in FY23
- In the first 9 months, net income was \$6.3M
- Expecting profitable growth
- High-gross margin of 75%

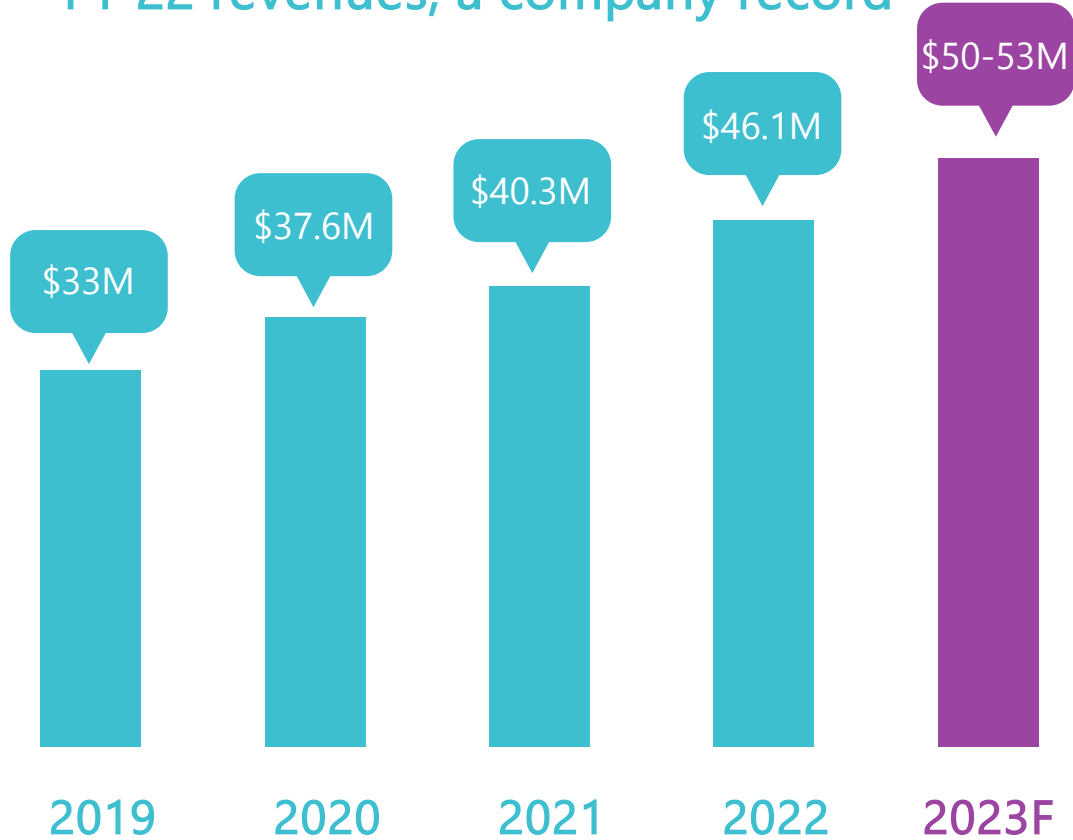




# CONSISTENT REVENUE GROWTH

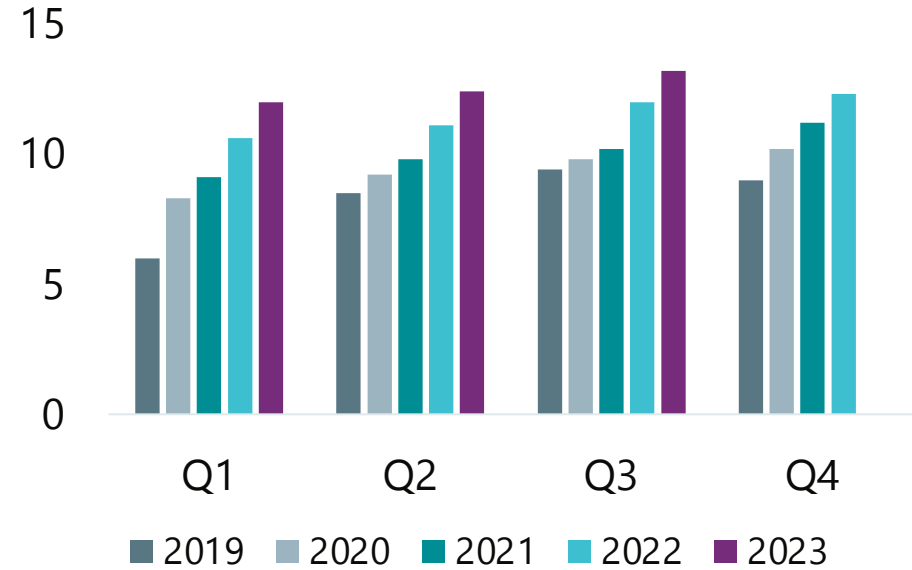
## Annual Revenue

FY 22 revenues, a company record

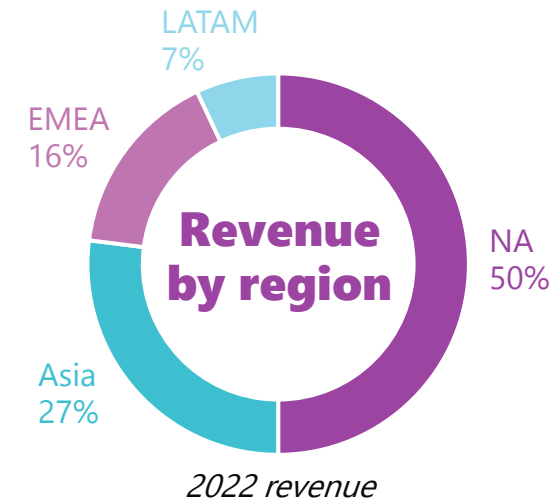


## Quarterly Revenue

Q3-23, a company record



- Strong balance sheet (09/30/23)**
- \$78.6M in cash
  - Zero debt
  - No capitalized costs



Note: 2023 forecast was included in the Company's Press release, dated November 8, 2023 reporting the Company's Third Quarter of 2023 Results; this presentation is not intended to provide an update to the Forecast.

# OUR ENDORSEMENTS

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- Invested years in R&D for cloud and 5G assurance
- Work with the most innovative companies
- Real-life expertise and know-how in advanced 5G and the cloud
- Offer customers unique AI-driven technology and deep cloud knowledge

**“We needed an assurance market leader that shared our innovative vision.”**



**“Helps identify issues in real-time and troubleshoot them, essential for smoothly migrating 5G.”**



**“Selected RADCOM because of its virtualization, scalability, performance, and efficiency strengths.”**



# SUMMARY

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Vision is to make networks autonomous and efficient



5G will grow significantly, and AI-driven analytics is vital



Business model secures multi-year contracts; recurring revenue, sustainable growth, and profitability



Endorsed by top-tier operators; AT&T, DISH, and Rakuten



Well-positioned to capture additional market share and increase growth

**RADCOM**

**Nasdaq: RDCM**

**THANK YOU**

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