



RADCOM

Q4-24 and FY2024 Earnings

February 20, 2025



Benny Eppstein

CEO



Hadar Rahav

CFO



SAFE HARBOR PROVISION

Certain statements made herein 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.

Forward-looking statements in the conference call involve several risks and uncertainties, including, but not limited, to the Company's statements about its innovation, expanding its business, leading the company into a new phase of growth and success, its expectation to drive sustainable, profitable growth while enhancing shareholder value, its expectations regarding collaborations with key strategic operators, exploiting opportunities, including in offering its solution to mid-tier operators, its expectation to introduce new product offerings to a broader audience and the productization of RADCOM ACE, backlog, its investment in R&D to enhance its leadership in 5G assurance and network intelligence, the expected benefits of its AI-driven assurance solutions, the expected synergies from the Continual acquisition, the potential in its collaboration with ServiceNow to drive additional business, its expectations regarding the dollar-shekel ratio, its expectations with respect to research and development and sales and marketing expenses, grants from the Israel Innovation Authority and its full-year 2025 revenue guidance and future growth and profitability.

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 presentation and the Company's SEC filings.

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, financial income (expenses), acquisition-related expenses, and amortization of intangible assets related to acquisitions, 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 our website.

AGENDA

1

Business performance and company strategy

Benny Eppstein

Chief Executive Officer

2

Financial results and performance

Hadar Rahav

Chief Financial Officer

3

Q&A

TODAY'S SPEAKERS



Benny Eppstein
Chief Executive Officer



Hadar Rahav
Chief Financial Officer



Benny Eppstein
Chief Executive Officer

Business performance and company strategy

FY2024: 5TH CONSECUTIVE REVENUE GROWTH AND RECORD PROFITABILITY KPIS



NEW LOGO IN EUROPE: TELIA DENMARK

The Norlys logo consists of the word "NORLYS" in white, uppercase, sans-serif font, centered within a solid red square.

Following Norlys' recent acquisition of Telia Denmark, which closed in April 2024, we aim to offer customers in Denmark the best network and most innovative services as we seek to disrupt the mobile marketplace in Denmark.

We want to fulfill our commitment to deliver top-quality services on the best network while leveraging the opportunities offered by 5G and beyond, and therefore, we have partnered with RADCOM.



Daniel Askeroth

Chief Technology Officer of Norlys' Networks and Infrastructure.

Following an extensive selection process, replaced the current assurance vendor

Monitor customer experiences across Norlys 5G and 4G networks

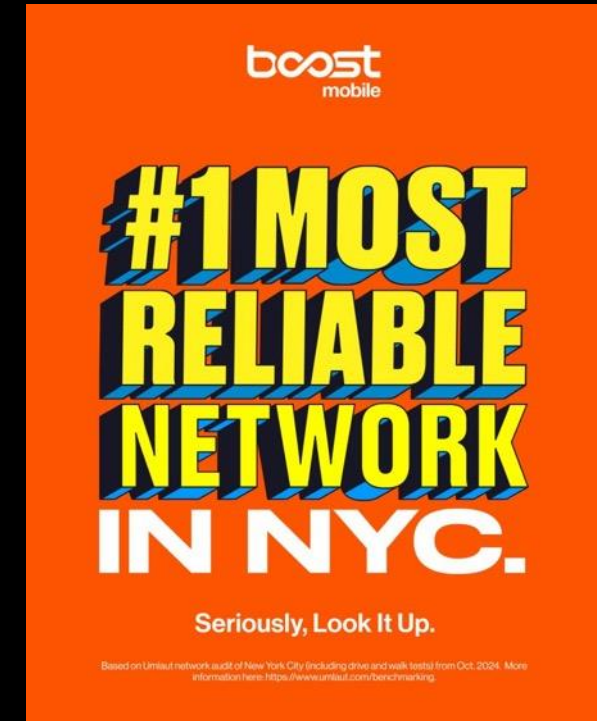
Multi-year contract for end-to-end assurance

INDUSTRY RECOGNITION FOR CUSTOMERS

Rakuten Mobile Rakuten Mobile has ranked first in the 2024 Oricon Customer Satisfaction Survey of Mobile Carriers for the second year straight. 🏆



dish Boost Mobile is now the #1 Network in NYC 🗽



We recently received a certificate of appreciation from Rakuten Mobile for our contribution to enhancing their network quality.

PRODUCTIZATION OF RADCOM ACE

PRIMARY RADCOM ACE OFFERING

Premium solution for top-tier operators

TAILORED FOR MID-TIER OPERATORS

Lightweight solutions with streamlined integration and subscription-based

TAILORED FOR LAB ENVIRONMENTS

Test and validate RADCOM ACE capabilities in small-scale, low-risk trials

SERVICENOW ANNOUNCEMENT

RADCOM | servicenow

Press Release

RADCOM Announces Integration with ServiceNow To Automate Service and Complaint Resolution for Telecom Operators

- Collaboration leverages AIOps to drive network efficiencies and enhance customer satisfaction
- Combines service management and service assurance solutions
- The new solution provides ticket validation and prioritization to significantly reduce the time and effort network engineers spend on investigating and resolving technical issues and complaints.



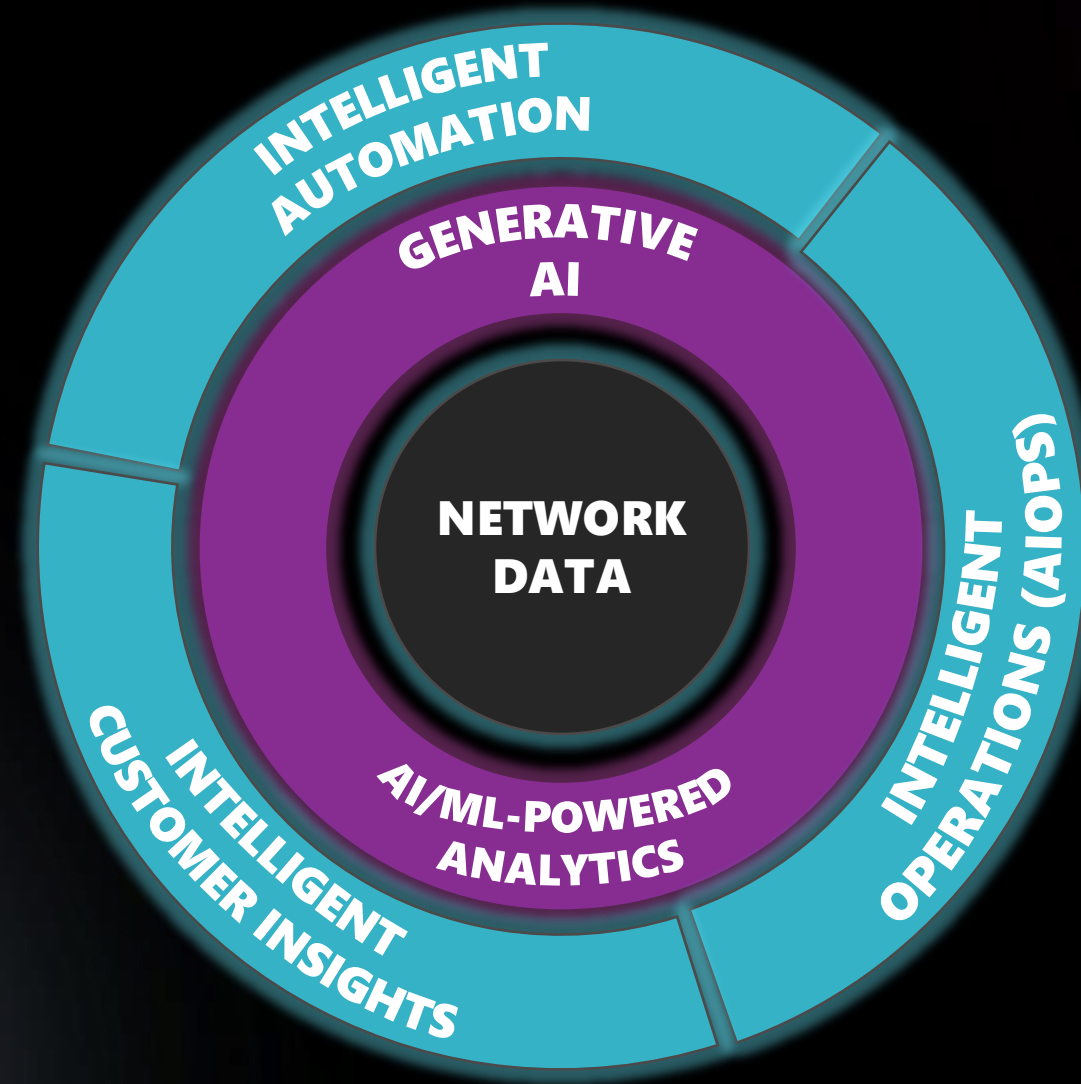
RADCOM's integration with ServiceNow will help our customers create best-in-class subscriber experiences while reducing network engineering time and effort. I am thrilled to see the continued innovation we will achieve together to help organizations succeed in the era of digital business.



Erica Volini

Executive Vice President, Worldwide Industries, Partners, and Go-to-Market at ServiceNow

NETWORK EXPERTISE AND CUSTOMER-CENTRIC FOCUS



GO-TO-MARKET ACTIVITIES

MOBILE WORLD CONGRESS, BARCELONA

1 Significant team presence at the event

2 Multiple demos showcasing our latest innovations and ecosystem integrations

INNOVATION AWARD

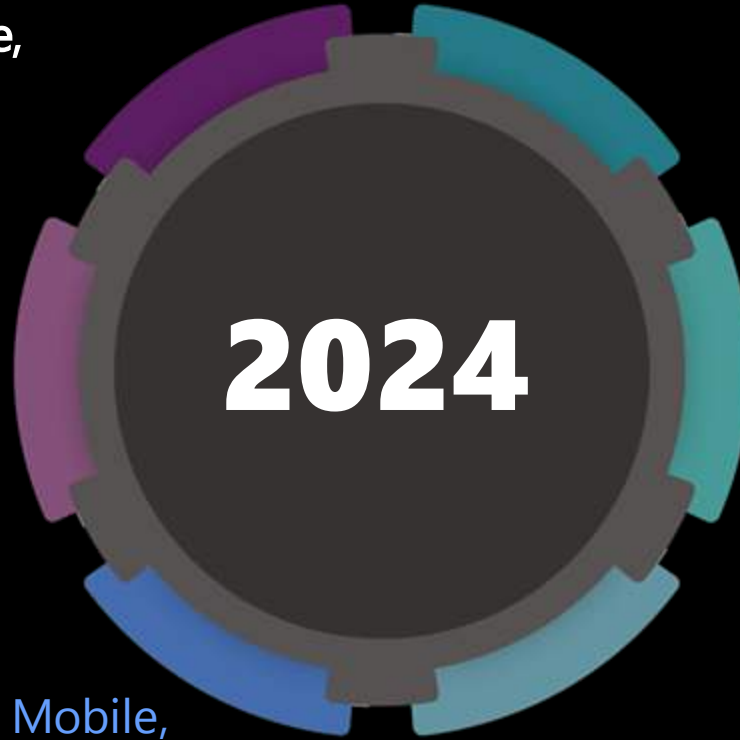


2024: KEY HIGHLIGHTS INTO A RECORD-BREAKING YEAR

Record revenue, **double-digit** increase, 5th consecutive year of growth

Debuted new **generative AI applications** to streamline 5G network operations

Extended collaboration with **Rakuten Mobile**, with renewed multi-year contract



Accelerated profitability, with non-GAAP operating income for 2024 **increasing by more than 65%** y-o-y

Record high cash and short bank deposits of \$94.7M, no debt

New customer win in Europe: Norlys (Telia Denmark)

We anticipate full-year 2025 revenue growth of 12% to 15%, with a midpoint of \$69.2 million—representing a 13.5% increase compared to 2024.



Hadar Rahav
Chief Financial Officer

Financial results and performance

Q4 2024 Financial Highlights

- Record revenue, representing **16.1% growth y-o-y**, reflecting **strong demand and best-in-class solution**
- Achieved the highest non-GAAP operating profitability in years, driven by **increased revenue and enhanced operational efficiency**.
- Generated **\$4.4M positive** cash flow

Q4 2024 Results

Q4 Revenue
\$16.3 Million

Q4 Non-GAAP Gross Margin
75.5%

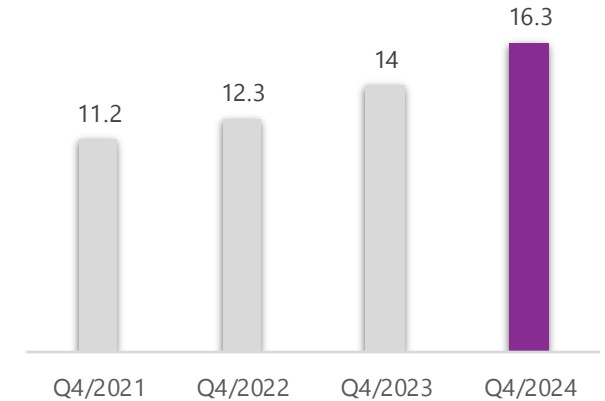
Q4 Non-GAAP Operating Profit
\$2.9 Million

Q4 Non-GAAP Operating Margin
17.6%

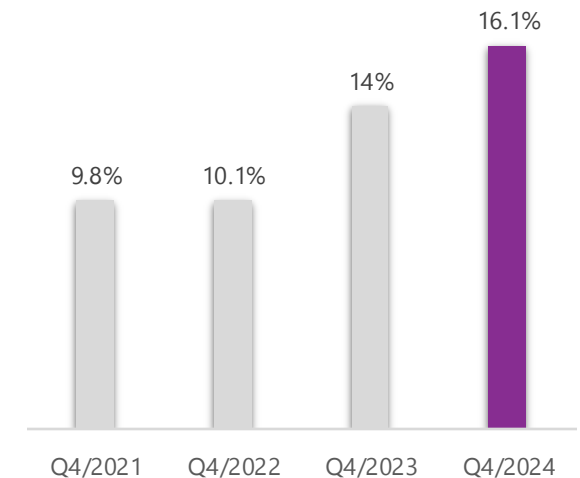
Q4 GAAP Diluted EPS
\$0.14

Q4 Non-GAAP Diluted EPS
\$0.23

Q4 Revenue historical trend (\$M)



Revenues Y/Y% growth

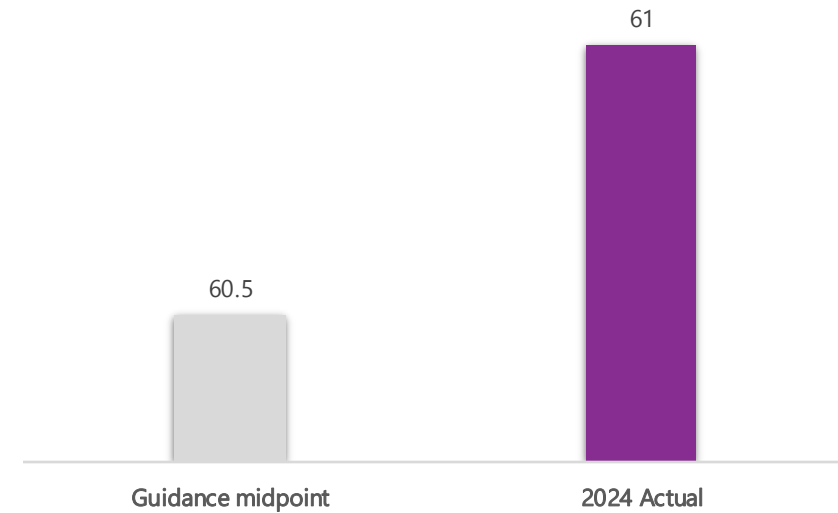


Full Year Fiscal 2024 Highlights

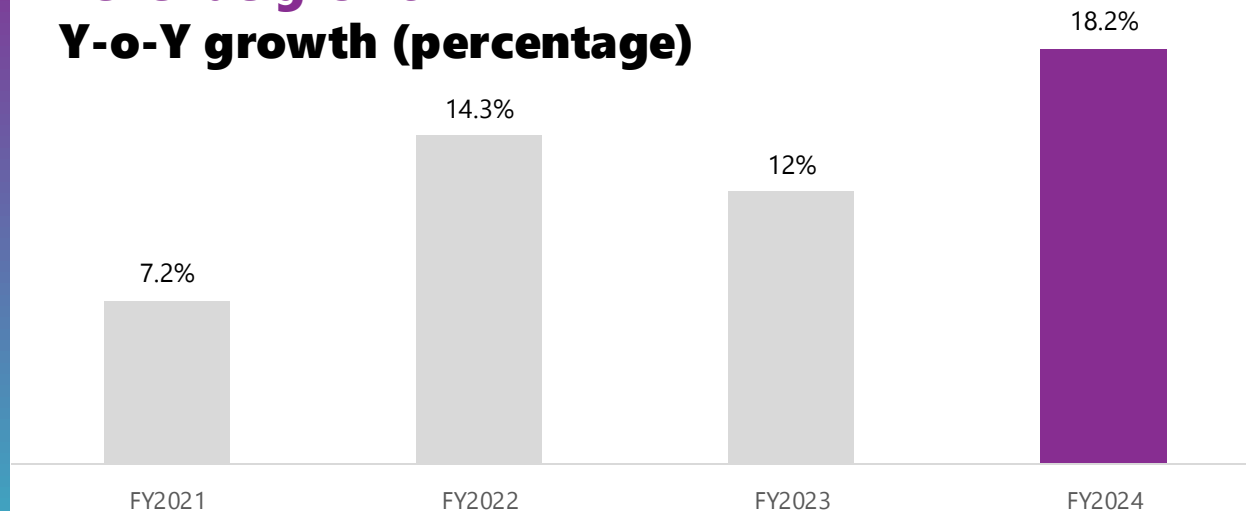
(Amounts in millions and other than revenue reflect non-GAAP)

- Record revenue of **\$61M**, representing **18.2% y-o-y growth**,
- **5th Consecutive Year** of Revenue Growth
- Record profitability KPIs
 - Highest operating profitability in years: **\$9.5M, +65.9% y-o-y**
 - Non-GAAP operating margin **15.6%, + 4.5% y-o-y**
 - Net income **\$13.5M, +32.6% y-o-y**
 - Record diluted EPS **\$0.83, +23.9% y-o-y**

Revenue slightly above guidance midpoint
(\$59M-\$62M)



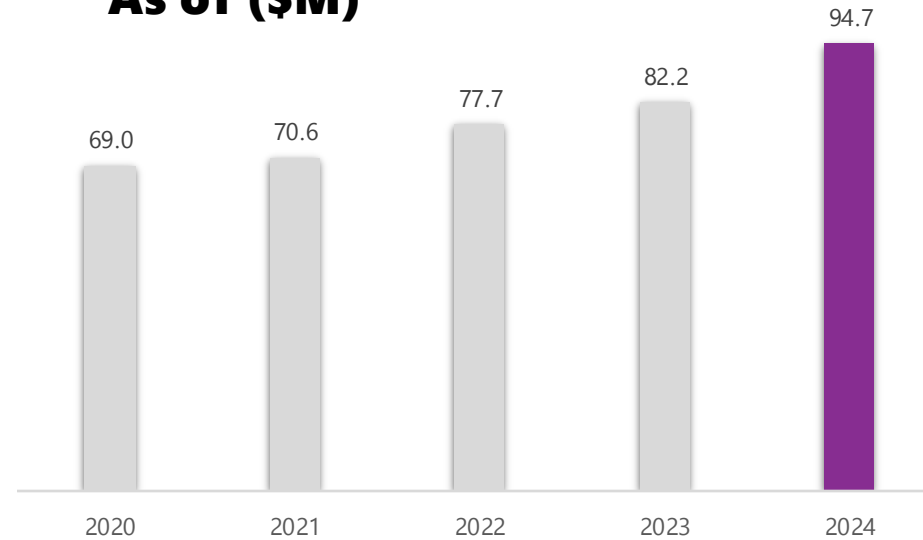
Revenue growth
Y-o-Y growth (percentage)



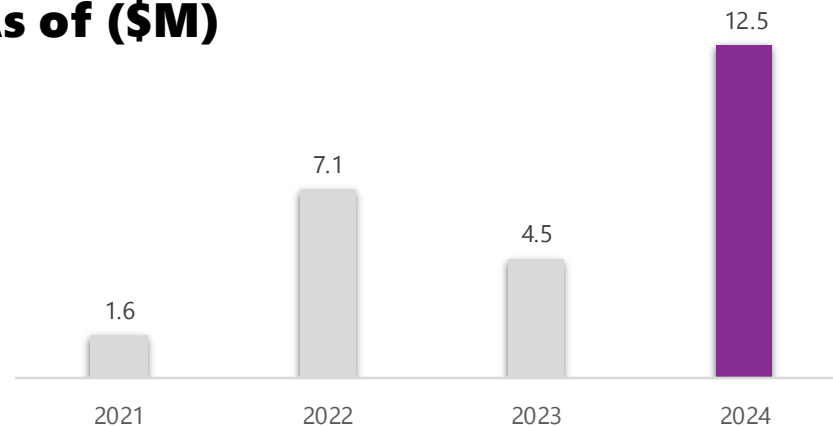
Balance Sheet & Cash Flow

- FY 2024 Positive Cash Flow of \$12.5M
- Ended 2024 with a record-high cash and bank deposits of \$94.7M.
- No Debt

Cash and Bank Deposits As of (\$M)



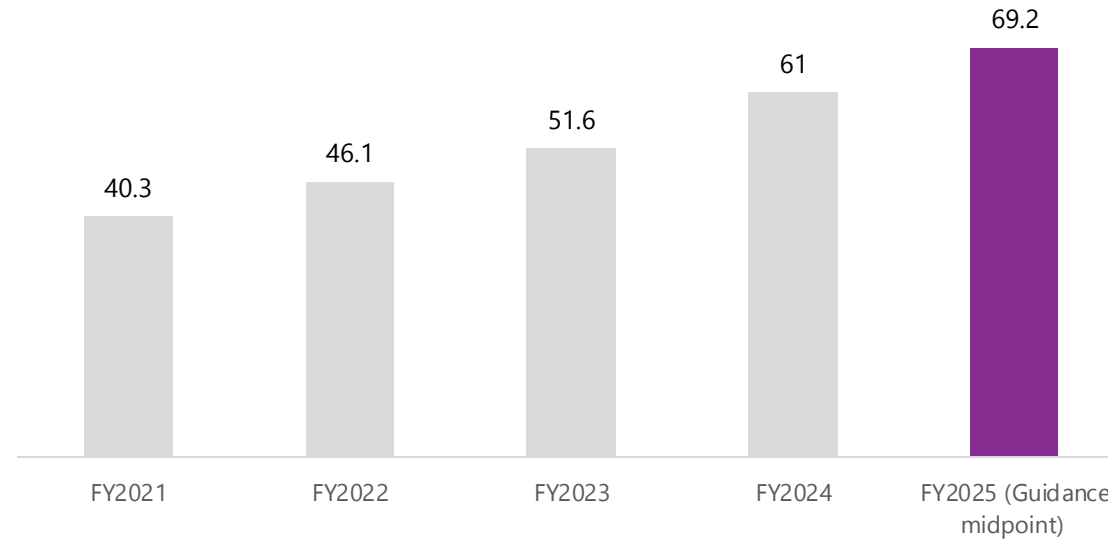
Cash Flow historical trend As of (\$M)



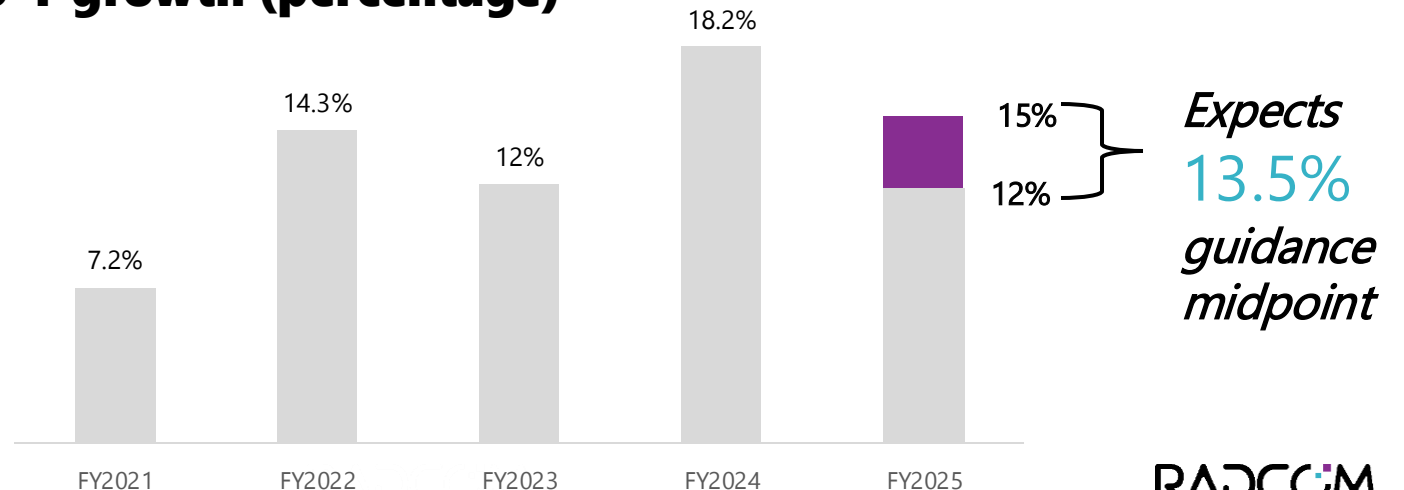
FY2025 Revenue Outlook

- **Expects FY 2025 revenue growth of 12% - 15%**
- **Strong visibility driven by solid backlog** positions us for another year of **double-digit** growth in FY2025

Five-year historical trend and FY2025 outlook (\$M)



Revenue growth Y-o-Y growth (percentage)



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,	
	2024	2023	2024	2023
Revenues	\$ 16,264	\$ 14,010	\$ 61,009	\$ 51,600
Cost of revenues	\$ 4,137	\$ 3,435	\$ 15,746	\$ 13,773
Gross profit	\$ 12,127	\$ 10,575	\$ 45,263	\$ 37,827
Gross profit %	75%	75%	74%	73%
Research and development, gross	\$ 4,749	\$ 4,327	\$ 18,659	\$ 19,575
Less - royalty-bearing participation	\$ 113	\$ 190	\$ 684	\$ 736
Research and development, net	\$ 4,636	\$ 4,137	\$ 17,975	\$ 18,839
Sales and marketing	\$ 4,632	\$ 3,720	\$ 17,794	\$ 14,592
General and administrative	\$ 1,549	\$ 1,297	\$ 6,407	\$ 5,058
Total operating expenses	\$ 10,817	\$ 9,154	\$ 42,176	\$ 38,489
Operating income (loss)	\$ 1,310	\$ 1,421	\$ 3,087	\$ (662)
Financial income, net	\$ 1,080	\$ 1,248	\$ 4,115	\$ 4,557
Income before taxes on income	\$ 2,390	\$ 2,669	\$ 7,202	\$ 3,895
Taxes on income	\$ (142)	\$ (77)	\$ (234)	\$ (182)
Net income	\$ 2,248	\$ 2,592	\$ 6,968	\$ 3,713
Basic net income per ordinary share	\$ 0.14	\$ 0.17	\$ 0.44	\$ 0.25
Diluted net income per ordinary share	\$ 0.14	\$ 0.17	\$ 0.43	\$ 0.24

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

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

	Three months ended December 31,		Twelve months ended December 31,	
	2024	2023	2024	2023
	NON-GAAP (1)			
Revenues	\$ 16,264	\$ 14,010	\$ 61,009	\$ 51,600
Cost of revenues	\$ 3,989	\$ 3,307	\$ 15,140	\$ 13,181
Gross profit	\$ 12,275	\$ 10,703	\$ 45,869	\$ 38,419
Gross profit %	75%	76%	75%	74%
Research and development, gross	\$ 4,252	\$ 3,903	\$ 16,612	\$ 16,885
Less - royalty-bearing participation	\$ 113	\$ 190	\$ 684	\$ 736
Research and development, net	\$ 4,139	\$ 3,713	\$ 15,928	\$ 16,149
Sales and marketing	\$ 4,097	\$ 3,321	\$ 15,655	\$ 12,695
General and administrative	\$ 1,169	\$ 978	\$ 4,762	\$ 3,834
Total operating expenses	\$ 9,405	\$ 8,012	\$ 36,345	\$ 32,678
Operating income	\$ 2,870	\$ 2,691	\$ 9,524	\$ 5,741
Financial income, net	\$ 1,052	\$ 1,233	\$ 4,199	\$ 4,617
Income before taxes on income	\$ 3,922	\$ 3,923	\$ 13,723	\$ 10,358
Taxes on income	\$ (142)	\$ (77)	\$ (234)	\$ (182)
Net income	\$ 3,780	\$ 3,846	\$ 13,489	\$ 10,176
Basic net income per ordinary share	\$ 0.24	\$ 0.25	\$ 0.86	\$ 0.67
Diluted net income per ordinary share	\$ 0.23	\$ 0.25	\$ 0.83	\$ 0.67

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

CONSOLIDATED BALANCE SHEETS

	As of December 31, 2024	As of December 31, 2023
Cash and cash equivalents	\$ 19,243	\$ 10,892
Short-term bank deposits	\$ 75,429	\$ 71,273
Trade receivables, net	\$ 19,038	\$ 13,412
Inventories	\$ 1,667	\$ 246
Other accounts receivable and prepaid expenses	\$ 1,819	\$ 1,592
Total Current Assets	\$ 117,196	\$ 97,415
Severance pay fund	\$ 2,985	\$ 3,142
Other long-term receivables	\$ 3,484	\$ 1,573
Property and equipment, net	\$ 879	\$ 798
Goodwill and intangible assets, net	\$ 2,609	\$ 2,950
Operating lease right-of-use assets	\$ 3,421	\$ 1,651
Total Non-Current Assets	\$ 13,378	\$ 10,114
Total Assets	\$ 130,574	\$ 107,529
Trade payables	\$ 2,457	\$ 2,640
Deferred revenues and advances from customers	\$ 6,848	\$ 1,469
Employee and payroll accruals	\$ 7,175	\$ 5,400
Operating lease liabilities	\$ 966	\$ 1,062
Other liabilities and accrued expenses	\$ 10,463	\$ 9,540
Total Current Liabilities	\$ 27,909	\$ 20,111
Accrued severance pay	\$ 3,868	\$ 3,728
Operating lease liabilities	\$ 2,438	\$ 561
Other liabilities and accrued expenses	\$ 683	\$ 638
Total Non-Current Liabilities	\$ 6,989	\$ 4,927
Total Liabilities	\$ 34,898	\$ 25,038
Shareholders' Equity	\$ 95,676	\$ 82,491
Total Liabilities and Shareholders' Equity	\$ 130,574	\$ 107,529

THANK YOU