

RADCOM

REFERENCE SLIDES

EARNINGS CALL FOR Q4-20



# 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 its continued investment in technology and R&D, the positive momentum of the 5G market and other market and industry trends, the Company's market position, cash position, potential and expected growth, the Company's expectations with respect to its contract with Rakuten and continued relationship with AT&T, the potential of the RADCOM ACE product, the Company's expectations regarding the impact of COVID-19, its ability to capitalize on the emerging 5G opportunities and its revenue guidance. 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 in the Company's SEC filings.

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 evaluating and comparing 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, 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.

# OVERVIEW

- Revenues for the fourth quarter of 2020 were \$10.2 million
- Cash and cash equivalents and short-term bank deposits of \$69 million and no debt
- 2021 revenue guidance range of \$39-\$41 million

# Fourth Quarter 2020 Financial Results

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# CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

**Radcom Ltd.**  
 Consolidated Statements of Operations  
 (thousands of U.S. dollars, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
Revenues	10,246	9,029	37,562	33,010
Cost of revenues	<u>3,116</u>	<u>2,643</u>	<u>10,758</u>	<u>9,917</u>
Gross profit	7,130	6,386	26,804	23,093
Gross profit %	70%	71%	71.4%	70.0%
Research and development, gross	4,815	4,657	19,199	18,578
Less - royalty-bearing participation	<u>308</u>	<u>425</u>	<u>1,358</u>	<u>1,838</u>
Research and development, net	4,507	4,232	17,841	16,740
Sales and marketing	2,501	2,693	9,709	10,514
General and administrative	<u>899</u>	<u>963</u>	<u>3,836</u>	<u>3,674</u>
Total operating expenses	<u>7,907</u>	<u>7,888</u>	<u>31,386</u>	<u>30,928</u>
Operating loss	(777)	(1,502)	(4,582)	(7,835)
Financial income, net	<u>370</u>	<u>474</u>	<u>810</u>	<u>1,172</u>
Loss before taxes on income	(407)	(1,028)	(3,772)	(6,663)
Taxes on income	<u>(54)</u>	<u>(64)</u>	<u>(220)</u>	<u>(169)</u>
Net loss	<u>\$ (461)</u>	<u>\$ (1,092)</u>	<u>\$ (3,992)</u>	<u>\$ (6,832)</u>
Basic and diluted net loss per ordinary share	<u>\$ (0.03)</u>	<u>\$ (0.08)</u>	<u>\$ (0.29)</u>	<u>\$ (0.50)</u>

# CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

## Radcom Ltd.

Non-GAAP Consolidated Statements of Operations  
(thousands of U.S. dollars, except per share data)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	NON-GAAP (1)			
Revenues	\$ 10,246	\$ 9,029	\$ 37,562	\$ 33,010
Cost of revenues	3,082	2,595	10,652	9,713
Gross profit	7,164	6,434	26,910	23,297
Gross profit %	70%	71%	72%	71%
Research and development, gross	4,638	4,496	18,320	17,849
Less - royalty-bearing participation	308	425	1,358	1,838
Research and development, net	4,330	4,071	16,962	16,011
Sales and marketing	2,317	2,533	9,173	9,876
General and administrative	748	741	3,188	3,017
Total operating expenses	7,395	7,345	29,323	28,904
Operating income (loss)	(231)	(911)	(2,413)	(5,607)
Financial income, net	370	474	810	1,172
Income (loss) before taxes on income	139	(437)	(1,603)	(4,435)
Taxes on income	(54)	(64)	(220)	(169)
Net income (loss)	\$ 85	\$ (501)	\$ (1,823)	\$ (4,604)
Basic net income (loss) per ordinary share	\$ 0.01	\$ (0.04)	\$ (0.13)	\$ (0.33)

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

# OPERATING EXPENSES (GAAP)

**Radcom Ltd.**  
Operating Expenses  
(thousands of U.S. dollars)

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
Research and development, gross	\$ 4,815	\$ 4,657	\$ 19,199	\$ 18,578
Less - royalty-bearing participation	308	425	1,358	1,838
Research and development, net	4,507	4,232	17,841	16,740
Sales and marketing	2,501	2,693	9,709	10,514
General and administrative	899	963	3,836	3,674
Total operating expenses	<u>\$ 7,907</u>	<u>\$ 7,888</u>	<u>\$ 31,386</u>	<u>\$ 30,928</u>

# OPERATING EXPENSES (NON-GAAP)

**Radcom Ltd.**  
Non-GAAP Operating Expenses  
(thousands of U.S. dollars)

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	NON-GAAP (1)			
Research and development, gross	\$ 4,638	\$ 4,496	\$ 18,320	\$ 17,849
Less - royalty-bearing participation	308	425	1,358	1,838
Research and development, net	4,330	4,071	16,962	16,011
Sales and marketing	2,317	2,533	9,173	9,876
General and administrative	748	741	3,188	3,017
Total operating expenses	<u>\$ 7,395</u>	<u>\$ 7,345</u>	<u>\$ 29,323</u>	<u>\$ 28,904</u>

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

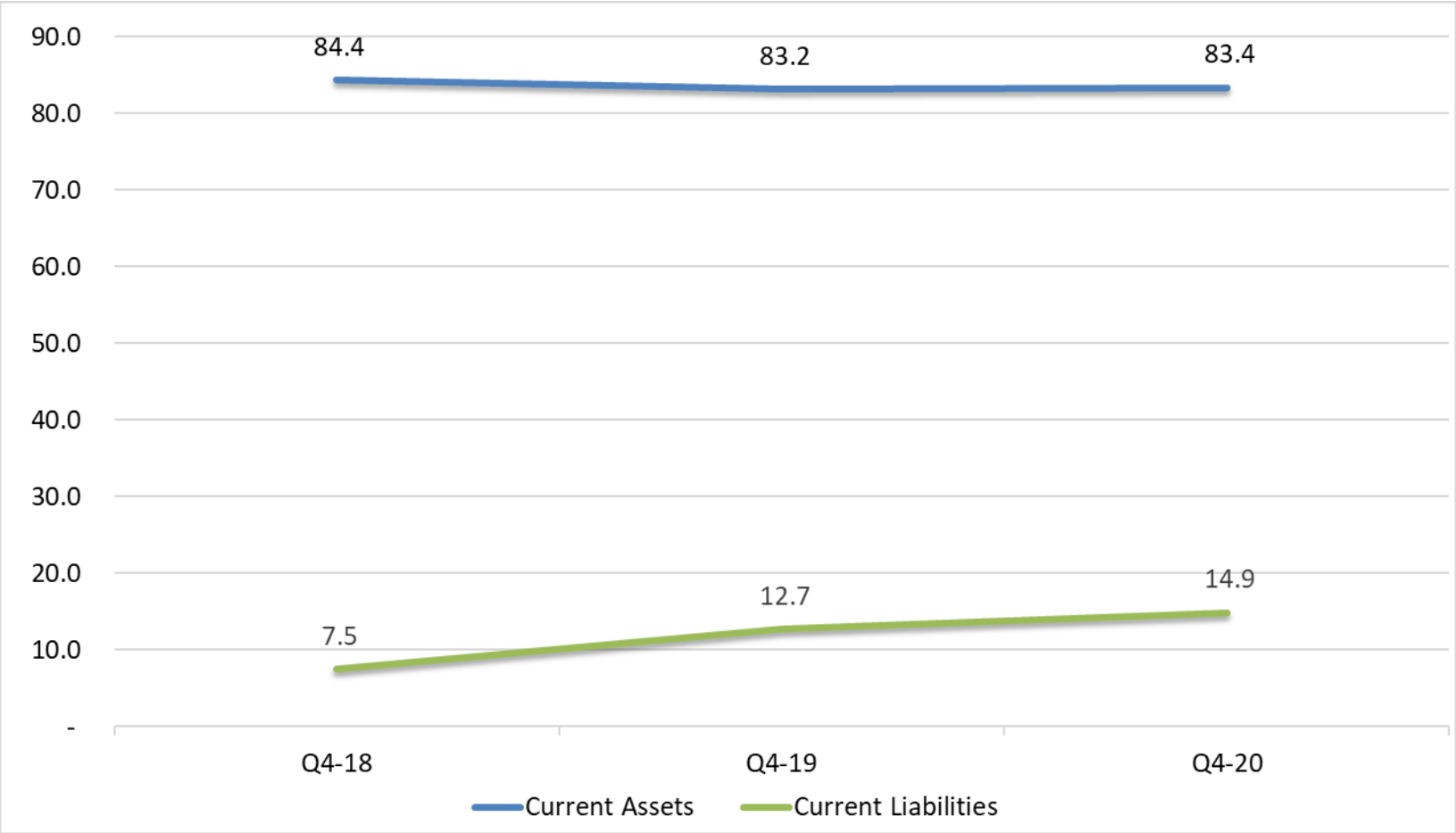


# CONSOLIDATED BALANCE SHEETS

**Radcom Ltd.**  
Consolidated Balance Sheets  
(thousands of U.S. dollars)

	As of December 31, 2020 <u>UNAUDITED</u>	As of December 31, 2019 <u>AUDITED</u>
Cash and cash equivalents	\$ 13,548	\$ 6,201
Short-term bank deposits	55,413	63,080
Trade receivables, net	12,446	11,039
Inventories	540	1,356
Other accounts receivable and prepaid expenses	1,437	1,536
<b>Total Current Assets</b>	<b>83,384</b>	<b>83,212</b>
Severance pay fund	3,814	3,365
Other long-term receivables	2,185	2,314
Property and equipment, net	1,311	1,669
Operating lease right-of-use assets	2,945	5,842
<b>Total Non-Current Assets</b>	<b>10,255</b>	<b>13,190</b>
<b>Total Assets</b>	<b>\$ 93,639</b>	<b>\$ 96,402</b>
Trade payables	\$ 1,592	\$ 2,452
Deferred revenues and advances from customers	3,149	828
Employee and payroll accruals	4,414	4,132
Operating lease liabilities	1,028	1,263
Other liabilities and accrued expenses	4,721	4,050
<b>Total Current Liabilities</b>	<b>14,904</b>	<b>12,725</b>
Deferred revenues	26	100
Accrued severance pay	4,473	3,904
Operating lease liabilities	2,008	4,967
Other liabilities and accrued expenses	209	836
<b>Total Non-Current Liabilities</b>	<b>6,716</b>	<b>9,807</b>
<b>Total Liabilities</b>	<b>\$ 21,620</b>	<b>\$ 22,532</b>
Shareholders' Equity	72,019	73,870
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 93,639</b>	<b>\$ 96,402</b>

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



# RADCOM

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