

RADCOM

REFERENCE SLIDES

EARNINGS CALL FOR Q1-21



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 its continued investment in technology and R&D, the 5G market and industry trends, the Company's market position, cash position, potential and expected growth, the Company's expectation with respect to its relationships with Rakuten and AT&T, the potential of the RADCOM ACE product and the integration with Microsoft Azure, its ability to capitalize on the emerging 5G opportunities and win more market share, its potential expansion with a top-tier LATAM operator, the potential for additional partnerships with top cloud providers in the future 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.

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, the content of which does not form a part of this presentation.

OVERVIEW

- Revenues for the first quarter of 2021 were \$9.1 million
- Cash and cash equivalents and short-term bank deposits of \$67.3 million and no debt
- Reiterating 2021 revenue guidance range of \$39-\$41 million

First Quarter 2021 Financial Results

CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

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

	Three months ended	
	March 31,	
	2021	2020
	<u>UNAUDITED</u>	<u>UNAUDITED</u>
Revenues	9,140	8,328
Cost of revenues	<u>2,367</u>	<u>3,109</u>
Gross profit	6,773	5,219
Gross profit %	74%	63%
Research and development, gross	5,104	4,790
Less - royalty-bearing participation	<u>68</u>	<u>-</u>
Research and development, net	5,036	4,790
Sales and marketing	2,590	2,453
General and administrative	<u>993</u>	<u>1,023</u>
Total operating expenses	<u>8,619</u>	<u>8,266</u>
Operating loss	(1,846)	(3,047)
Financial income, net	<u>118</u>	<u>170</u>
Loss before taxes on income	(1,728)	(2,877)
Taxes on income	<u>(18)</u>	<u>(32)</u>
Net loss	<u>\$ (1,746)</u>	<u>\$ (2,909)</u>
Basic and diluted net loss per ordinary share	<u>\$ (0.12)</u>	<u>\$ (0.21)</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	
	March 31,	
	2021	2020
	UNAUDITED	UNAUDITED
	NON-GAAP (1)	
Revenues	9,140	8,328
Cost of revenues	<u>2,323</u>	<u>3,080</u>
Gross profit	6,817	5,248
Gross profit %	75%	63%
Research and development, gross	4,835	4,623
Less - royalty-bearing participation	<u>68</u>	<u>-</u>
Research and development, net	4,767	4,623
Sales and marketing	2,371	2,310
General and administrative	<u>809</u>	<u>838</u>
Total operating expenses	<u>7,947</u>	<u>7,771</u>
Operating income (loss)	(1,130)	(2,523)
Financial income, net	<u>118</u>	<u>170</u>
Income (loss) before taxes on income	(1,012)	(2,353)
Taxes on income	<u>(18)</u>	<u>(32)</u>
Net income (loss)	<u>\$ (1,030)</u>	<u>\$ (2,385)</u>
Basic net income (loss) per ordinary share	<u>\$ (0.07)</u>	<u>\$ (0.17)</u>

(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	
	March 31,	
	2021	2020
	UNAUDITED	UNAUDITED
Research and development, gross	5,104	4,790
Less - royalty-bearing participation	68	-
Research and development, net	5,036	4,790
Sales and marketing	2,590	2,453
General and administrative	993	1,023
Total operating expenses	<u>\$ 8,619</u>	<u>\$ 8,266</u>

OPERATING EXPENSES (NON-GAAP)

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

	Three months ended	
	March 31,	
	2021	2020
	UNAUDITED	UNAUDITED
	NON-GAAP (1)	
Research and development, gross	4,835	4,623
Less - royalty-bearing participation	68	-
Research and development, net	4,767	4,623
Sales and marketing	2,371	2,310
General and administrative	809	838
Total operating expenses	<u>\$ 7,947</u>	<u>\$ 7,771</u>

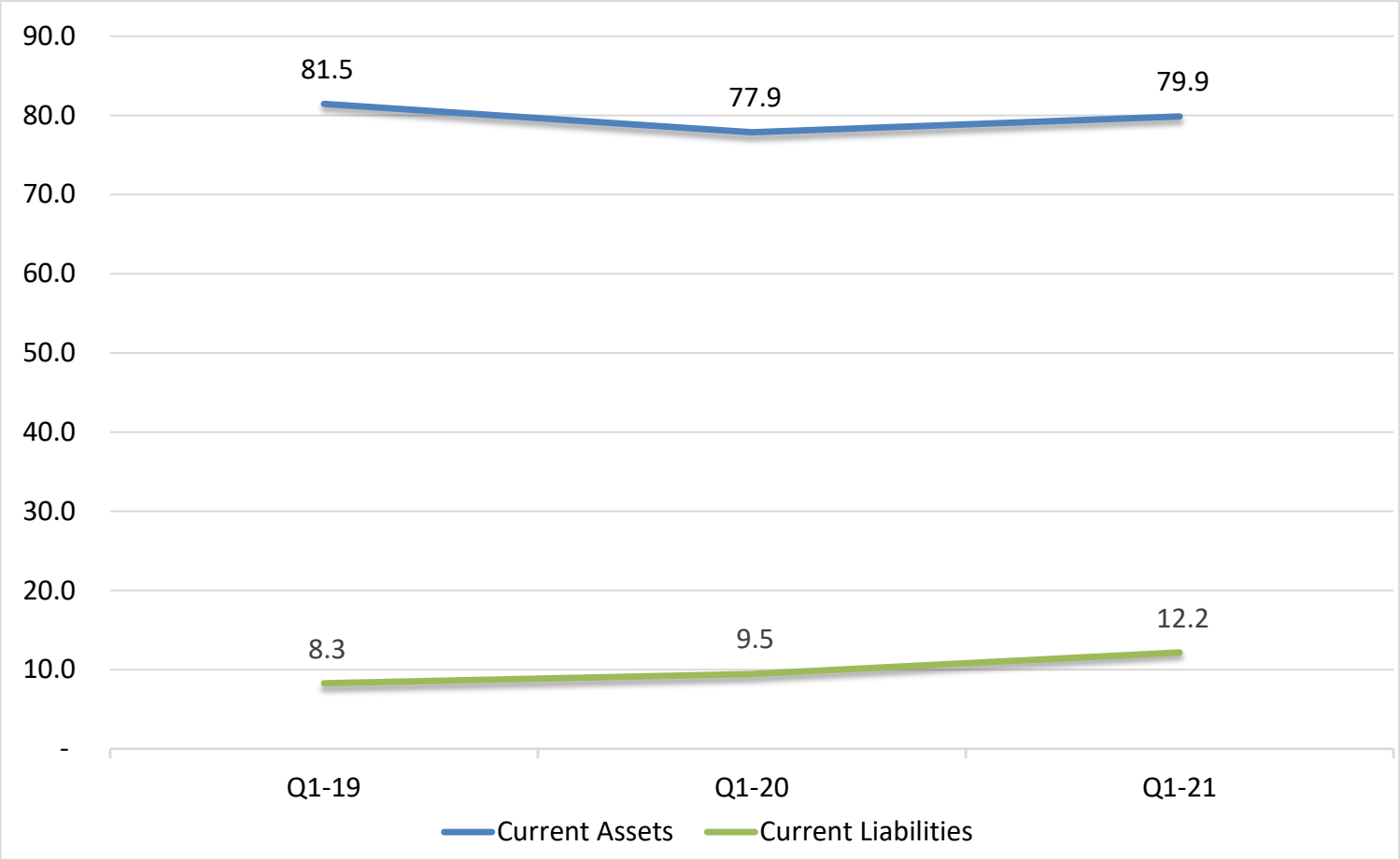
(1) Amounts exclude non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718.

CONSOLIDATED BALANCE SHEETS

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

	As of March 31, 2021 <u>UNAUDITED</u>	As of December 31, 2020 <u>AUDITED</u>
Cash and cash equivalents	\$ 23,082	\$ 13,548
Short-term bank deposits	44,251	55,413
Trade receivables, net	10,410	12,446
Inventories	432	540
Other accounts receivable and prepaid expenses	1,695	1,437
Total Current Assets	79,870	83,384
Severance pay fund	3,732	3,814
Other long-term receivables	1,854	2,185
Property and equipment, net	1,269	1,311
Operating lease right-of-use assets	2,642	2,945
Total Non-Current Assets	9,497	10,255
Total Assets	\$ 89,367	\$ 93,639
Trade payables	\$ 1,378	\$ 1,592
Deferred revenues and advances from customers	1,109	3,149
Employee and payroll accruals	4,289	4,414
Operating lease liabilities	965	1,028
Other liabilities and accrued expenses	4,424	4,721
Total Current Liabilities	12,165	14,904
Deferred revenues	11	26
Accrued severance pay	4,402	4,473
Operating lease liabilities	1,709	2,008
Other liabilities and accrued expenses	52	209
Total Non-Current Liabilities	6,174	6,716
Total Liabilities	\$ 18,339	\$ 21,620
Shareholders' Equity	71,028	72,019
Total Liabilities and Shareholders' Equity	\$ 89,367	\$ 93,639

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



RADCOM

(RDCM)

All rights reserved. This presentation contains proprietary information of RADCOM Ltd. Without the express prior written permission of RADCOM Ltd., no part of the contents hereof may be used for any other purpose, disclosed to persons or firms outside the recipient company, or reproduced by any means. RADCOM Ltd reserves the right, at its sole discretion, to make changes at any time in its technical information, specifications, and services.