

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

Q2-21 CONFERENCE CALL

AUGUST 12, 2021

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, the Company statements about its visibility into the second half of 2021, its sales pipeline, momentum, demand for its products and new requests, and potential expansion of opportunities, the Company’s continued investment in technology and R&D, expectation regarding the 5G market size and trends in industry investments and spending, the Company’s expectations with respect to the digital trend in telecom, 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, its potential expansion with a top-tier LATAM operator, the potential for additional grants from the Israel Innovation Authority, the potential for additional partnerships with top cloud providers in the future 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 and 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, the content of which does not form a part of this presentation.

Q2-21 OVERVIEW

- Revenues for the second quarter of 2021 were \$9.8 million
- Cash and cash equivalents and short-term bank deposits of \$64.9 million and no debt
- Reiterating 2021 revenue guidance range of \$39-\$41 million



SECOND QUARTER 2021 FINANCIAL RESULTS



CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

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

UNAUDITED

	Q2-21 (ended 30/6/21)	Q2-20 (ended 30/6/20)	H1-21 (ended 30/6/21)	H1-20 (ended 30/6/20)
Revenues	\$ 9,756	\$ 9,159	\$ 18,896	\$ 17,487
Cost of revenues	\$ 2,466	\$ 2,143	\$ 4,833	\$ 5,252
Gross profit	\$ 7,290	\$ 7,016	\$ 14,063	\$ 12,235
Gross profit %	75%	77%	74.4%	70%
Research and development, gross	\$ 5,226	\$ 4,710	\$ 10,330	\$ 9,500
Less - royalty-bearing participation	\$ 70	\$ 572	\$ 138	\$ 572
Research and development, net	\$ 5,156	\$ 4,138	\$ 10,192	\$ 8,928
Sales and marketing	\$ 2,566	\$ 2,281	\$ 5,156	\$ 4,734
General and administrative	\$ 1,007	\$ 906	\$ 2,000	\$ 1,929
Total operating expenses	\$ 8,729	\$ 7,325	\$ 17,348	\$ 15,591
Operating loss	\$ (1,439)	\$ (309)	\$ (3,285)	\$ (3,356)
Financial income, net	\$ 382	\$ 150	\$ 500	\$ 320
Loss before taxes on income	\$ (1,057)	\$ (159)	\$ (2,785)	\$ (3,036)
Taxes on income	\$ (40)	\$ (21)	\$ (58)	\$ (53)
Net loss	\$ (1,097)	\$ (180)	\$ (2,843)	\$ (3,089)
Basic and diluted net loss per ordinary share	\$ (0.08)	\$ (0.01)	\$ (0.20)	\$ (0.22)

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

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

	Q2-21 (ended 30/6/21)	Q2-20 (ended 30/6/20)	H1-21 (ended 30/6/21)	H1-20 (ended 30/6/20)
Revenues	\$ 9,756	\$ 9,159	\$ 18,896	\$ 17,487
Cost of revenues	\$ 2,428	\$ 2,129	\$ 4,751	\$ 5,210
Gross profit	\$ 7,328	\$ 7,030	\$ 14,145	\$ 12,277
Gross profit %	75%	77%	75%	70%
Research and development, gross	\$ 4,902	\$ 4,459	\$ 9,737	\$ 9,082
Less - royalty-bearing participation	\$ 70	\$ 572	\$ 138	\$ 572
Research and development, net	\$ 4,832	\$ 3,887	\$ 9,599	\$ 8,510
Sales and marketing	\$ 2,301	\$ 2,237	\$ 4,672	\$ 4,547
General and administrative	\$ 841	\$ 804	\$ 1,651	\$ 1,642
Total operating expenses	\$ 7,974	\$ 6,928	\$ 15,922	\$ 14,699
Operating income (loss)	\$ (646)	\$ 102	\$ (1,777)	\$ (2,422)
Financial income, net	\$ 382	\$ 150	\$ 500	\$ 320
Income (loss) before taxes on income	\$ (264)	\$ 252	\$ (1,277)	\$ (2,102)
Taxes on income	\$ (40)	\$ (21)	\$ (58)	\$ (53)
Net income (loss)	\$ (304)	\$ 231	\$ (1,335)	\$ (2,155)
Basic net income (loss) per ordinary share	\$ (0.02)	\$ 0.02	\$ (0.09)	\$ (0.15)

(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)
UNAUDITED

	Q2-21 (ended 30/6/21)	Q2-20 (ended 30/6/20)	H1-21 (ended 30/6/21)	H1-20 (ended 30/6/20)
Research and development, gross	\$ 5,226	\$ 4,710	\$ 10,330	\$ 9,500
Less - royalty-bearing participation	\$ 70	\$ 572	\$ 138	\$ 572
Research and development, net	\$ 5,156	\$ 4,138	\$ 10,192	\$ 8,928
Sales and marketing	\$ 2,566	\$ 2,281	\$ 5,156	\$ 4,734
General and administrative	\$ 1,007	\$ 906	\$ 2,000	\$ 1,929
Total operating expenses	\$ 8,729	\$ 7,325	\$ 17,348	\$ 15,591

OPERATING EXPENSES (NON-GAAP)

(thousands of U.S. dollars)
UNAUDITED

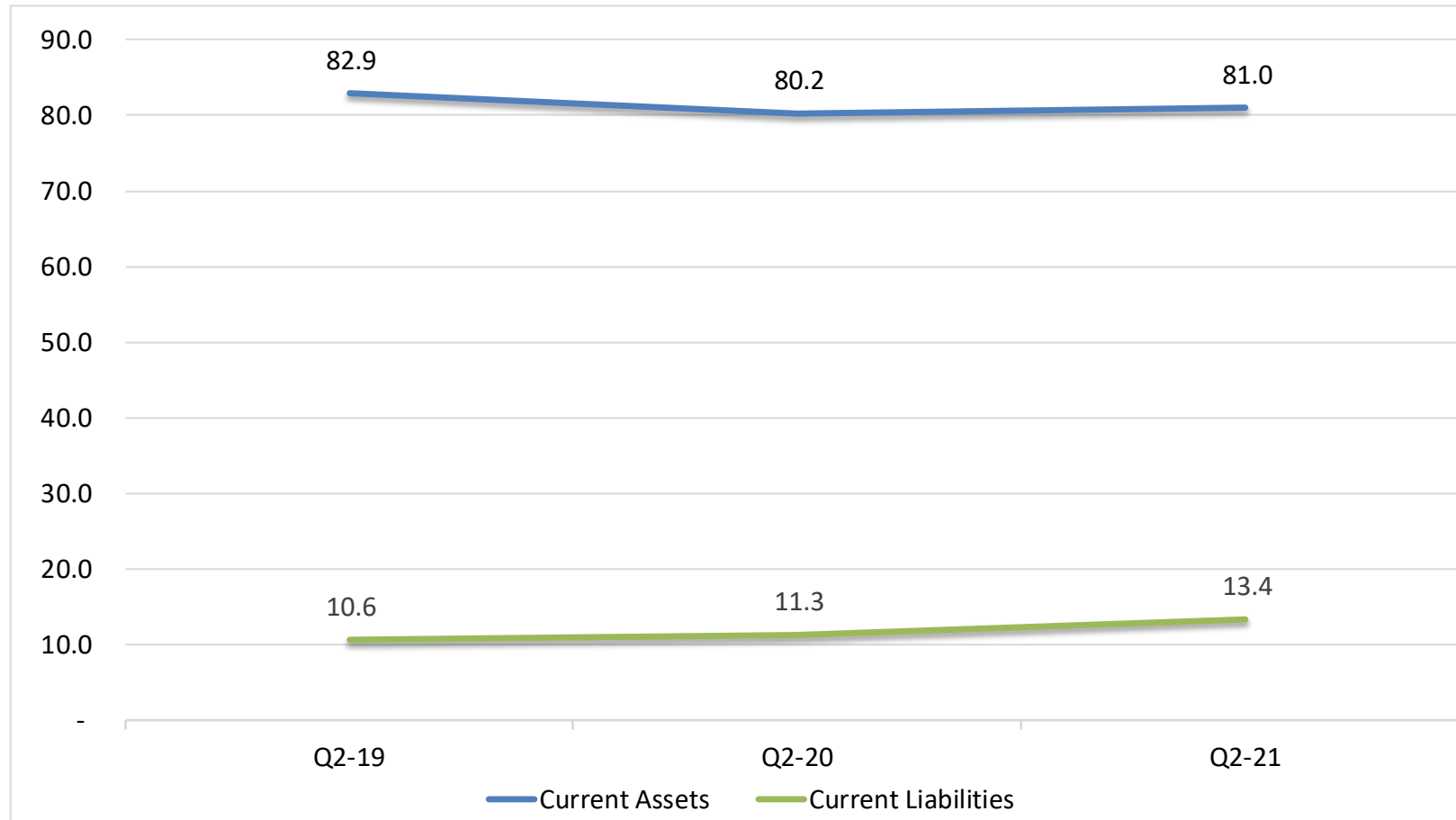
	Q2-21 (ended 30/6/21)		Q2-20 (ended 30/6/20)		H1-21 (ended 30/6/21)		H1-20 (ended 30/6/20)
Research and development, gross	\$ 4,902	\$	\$ 4,459	\$	\$ 9,737	\$	\$ 9,082
Less - royalty-bearing participation	\$ 70	\$	\$ 572	\$	\$ 138	\$	\$ 572
Research and development, net	\$ 4,832	\$	\$ 3,887	\$	\$ 9,599	\$	\$ 8,510
Sales and marketing	\$ 2,301	\$	\$ 2,237	\$	\$ 4,672	\$	\$ 4,547
General and administrative	\$ 841	\$	\$ 804	\$	\$ 1,651	\$	\$ 1,642
Total operating expenses	\$ 7,974	\$	\$ 6,928	\$	\$ 15,922	\$	\$ 14,699

CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

	As of June 30, 2021 unaudited	As of December 31, 2020 audited
Cash and cash equivalents	\$ 6,696	\$ 13,548
Short-term bank deposits	\$ 58,162	\$ 55,413
Trade receivables, net	\$ 13,604	\$ 12,446
Inventories	\$ 876	\$ 540
Other accounts receivable and prepaid expenses	\$ 1,628	\$ 1,437
Total Current Assets	\$ 80,966	\$ 83,384
Severance pay fund	\$ 3,861	\$ 3,814
Other long-term receivables	\$ 1,584	\$ 2,185
Property and equipment, net	\$ 1,256	\$ 1,311
Operating lease right-of-use assets	\$ 2,361	\$ 2,945
Total Non-Current Assets	\$ 9,062	\$ 10,255
Total Assets	\$ 90,028	\$ 93,639
Trade payables	\$ 2,045	\$ 1,592
Deferred revenues and advances from customers	\$ 1,309	\$ 3,149
Employee and payroll accruals	\$ 4,391	\$ 4,414
Operating lease liabilities	\$ 962	\$ 1,028
Other liabilities and accrued expenses	\$ 4,678	\$ 4,721
Total Current Liabilities	\$ 13,385	\$ 14,904
Deferred revenues	\$	\$ 26
Accrued severance pay	\$ 4,437	\$ 4,473
Operating lease liabilities	\$ 1,467	\$ 2,008
Other liabilities and accrued expenses	\$ 78	\$ 209
Total Non-Current Liabilities	\$ 5,982	\$ 6,716
Total Liabilities	\$ 19,367	\$ 21,620
Shareholders' Equity	\$ 70,661	\$ 72,019
Total Liabilities and Shareholders' Equity	\$ 90,028	\$ 93,639

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



THANK YOU