

The logo for RADCOM, featuring the word "RADCOM" in a bold, white, sans-serif font. The letter "A" is stylized with a blue triangle above it.

RADCOM

Q3-21 CONFERENCE CALL

November 11, 2021



AGENDA

- Introduction and safe harbor
- CEO – Eyal Harari, Chief Executive Officer
- CTO – Amir Hai, Chief Financial Officer
- Q&A

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 outlook for the fourth quarter of 2021, its ability to deliver another growth year in 2021 and the increase of this trend in 2022, the optimization of 5G services on the AWS cloud and Amazon EKS for on-premises implementations resulting from the integration with AWS, launching of the Rakuten 5G standalone network, the Company’s sales pipeline, momentum, sales cycles, demand for its products and new requests, and potential expansion of opportunities, the Company’s continued investment in technology and R&D, expectations regarding the 5G and AI market sizes and trends in industry, investments, demand and spending, the Company’s cash position, potential and expected growth, the Company's expectations with respect to its relationships with Rakuten and AT&T the potential for additional grants from the Israel Innovation Authority, the potential for additional technology integrations 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.

Q3-21 OVERVIEW

- Revenues for the third quarter of 2021 were \$10.2 million
- Cash and cash equivalents and short-term bank deposits of \$67 million and no debt
- Reiterating 2021 revenue guidance range of \$39 million to \$41 million



THIRD QUARTER 2021 FINANCIAL RESULTS



CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

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

UNAUDITED

	Q3-21 (ended 30/09/21)		Q3-20 (ended 30/09/20)		Nine Months (ended 30/09/21)		Nine Months (ended 30/09/20)	
Revenues	\$	10,228	\$	9,829	\$	29,124	\$	27,316
Cost of revenues	\$	3,155	\$	2,390	\$	7,988	\$	7,642
Gross profit	\$	7,073	\$	7,439	\$	21,136	\$	19,674
Gross profit %		69%		76%		73%		72%
Research and development, gross	\$	4,791	\$	4,884	\$	15,121	\$	14,384
Less - royalty-bearing participation	\$	205	\$	478	\$	343	\$	1,050
Research and development, net	\$	4,586	\$	4,406	\$	14,778	\$	13,334
Sales and marketing	\$	2,476	\$	2,474	\$	7,632	\$	7,208
General and administrative	\$	947	\$	1,008	\$	2,947	\$	2,937
Total operating expenses	\$	8,009	\$	7,888	\$	25,357	\$	23,479
Operating loss	\$	(936)	\$	(449)	\$	(4,221)	\$	(3,805)
Financial income (expense), net	\$	(106)	\$	120	\$	394	\$	440
Loss before taxes on income	\$	(1,042)	\$	(329)	\$	(3,827)	\$	(3,365)
Taxes on income	\$	(27)	\$	(113)	\$	(85)	\$	(166)
Net loss	\$	(1,069)	\$	(442)	\$	(3,912)	\$	(3,531)
Basic and diluted net loss per ordinary share	\$	(0.08)	\$	(0.03)		(0.28)		(0.25)

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

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

UNAUDITED

	Q3-21 (ended 30/09/21)		Q3-20 (ended 30/09/20)		Nine Months (ended 30/09/21)		Nine Months (ended 30/09/20)	
Revenues	\$	10,228	\$	9,829	\$	29,124	\$	27,316
Cost of revenues	\$	3,114	\$	2,361	\$	7,864	\$	7,571
Gross profit	\$	7,114	\$	7,468	\$	21,260	\$	19,745
Gross profit %		70%		76%		73%		72%
Research and development, gross	\$	4,494	\$	4,600	\$	14,232	\$	13,682
Less - royalty-bearing participation	\$	205	\$	478	\$	343	\$	1,050
Research and development, net	\$	4,289	\$	4,122	\$	13,889	\$	12,632
Sales and marketing	\$	2,248	\$	2,309	\$	6,920	\$	6,856
General and administrative	\$	777	\$	798	\$	2,427	\$	2,440
Total operating expenses	\$	7,314	\$	7,229	\$	23,236	\$	21,928
Operating income (loss)	\$	(200)	\$	239	\$	(1,976)	\$	(2,183)
Financial income (expense), net	\$	(106)	\$	120	\$	394	\$	440
Income (loss) before taxes on income	\$	(306)	\$	359	\$	(1,582)	\$	(1,743)
Taxes on income	\$	(27)	\$	(113)	\$	(85)	\$	(166)
Net income (loss)	\$	(333)	\$	246	\$	(1,667)	\$	(1,909)
Basic net income (loss) per ordinary share	\$	(0.02)	\$	(0.02)	\$	(0.12)	\$	(0.14)

OPERATING EXPENSES (GAAP)

(thousands of U.S. dollars)

UNAUDITED

	Q3-21		Q3-20		Nine Months		Nine Months
	(ended 30/09/21)		(ended 30/09/20)		(ended 30/09/21)		(ended 30/09/20)
Research and development, gross	\$ 4,791	\$	4,884	\$	15,121	\$	14,384
Less - royalty-bearing participation	\$ 205	\$	478	\$	343	\$	1,050
Research and development, net	\$ 4,586	\$	4,406	\$	14,778	\$	13,334
Sales and marketing	\$ 2,476	\$	2,474	\$	7,632	\$	7,208
General and administrative	\$ 947	\$	1,008	\$	2,947	\$	2,937
Total operating expenses	\$ 8,009	\$	7,888	\$	25,357	\$	23,479

OPERATING EXPENSES (NON-GAAP)

(thousands of U.S. dollars)
UNAUDITED

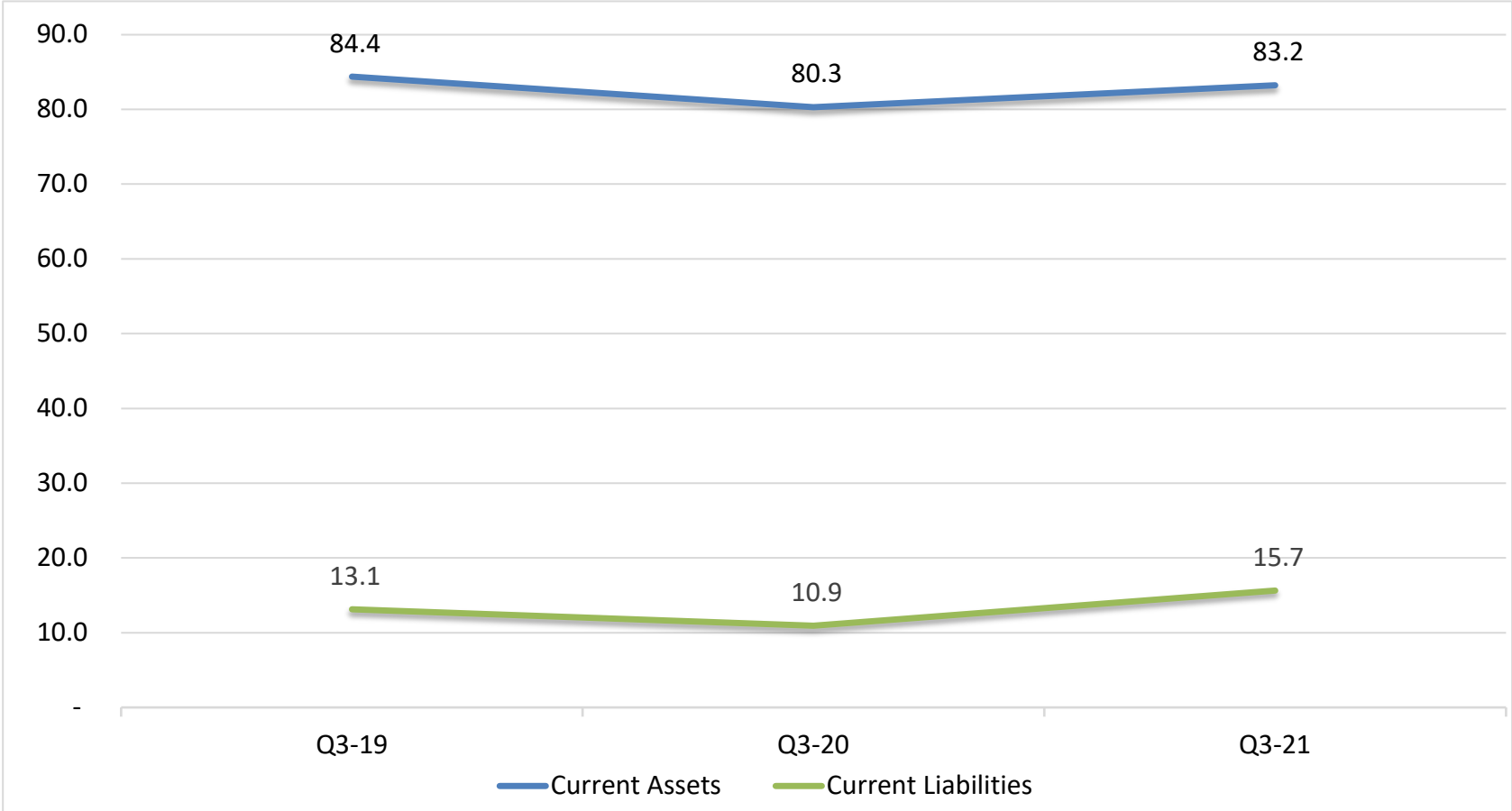
	Q3-21		Q3-20		Nine Months		Nine Months	
	(ended 30/09/21)		(ended 30/09/20)		(ended 30/09/21)		(ended 30/09/20)	
Research and development, gross	\$	4,494	\$	4,600	\$	14,232	\$	13,682
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Research and development, net	\$	4,289	\$	4,122	\$	13,889	\$	12,632
Sales and marketing	\$	2,248	\$	2,309	\$	6,920	\$	6,856
General and administrative	\$	777	\$	798	\$	2,427	\$	2,440
Total operating expenses	\$	7,314	\$	7,229	\$	23,236	\$	21,928

CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

	As of June 30, 2021 Unaudited		As of December 31, 2020 Audited	
Cash and cash equivalents	\$	7,147	\$	13,548
Short-term bank deposits	\$	59,788	\$	55,413
Trade receivables, net	\$	12,170	\$	12,446
Inventories	\$	2,276	\$	540
Other accounts receivable and prepaid expenses	\$	1,857	\$	1,437
Total Current Assets	\$	83,238	\$	83,384
Severance pay fund	\$	3,693	\$	3,814
Other long-term receivables	\$	1,304	\$	2,185
Property and equipment, net	\$	1,217	\$	1,311
Operating lease right-of-use assets	\$	2,045	\$	2,945
Total Non-Current Assets	\$	8,259	\$	10,255
Total Assets	\$	91,497	\$	93,639
Trade payables	\$	2,914	\$	1,592
Deferred revenues and advances from customers	\$	2,160	\$	3,149
Employee and payroll accruals	\$	4,124	\$	4,414
Operating lease liabilities	\$	943	\$	1,028
Other liabilities and accrued expenses	\$	5,510	\$	4,721
Total Current Liabilities	\$	15,651	\$	14,904
Accrued severance pay	\$	4,220	\$	4,473
Operating lease liabilities	\$	1,189	\$	2,008
Other liabilities and accrued expenses	\$	61	\$	235
Total Non-Current Liabilities	\$	5,470	\$	6,716
Total Liabilities	\$	21,121	\$	21,620
Shareholders' Equity	\$	70,376	\$	72,019
Total Liabilities and Shareholders' Equity	\$	91,497	\$	93,639

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



THANK YOU