

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

Q2-22 CONFERENCE CALL

AUGUST 11, 2022



AGENDA

- Introduction and safe harbor
- CEO – Eyal Harari, Chief Executive Officer
- CFO – Hadar Rahav, Chief Financial Officer
- Q&A

SAFE HARBOR PROVISION

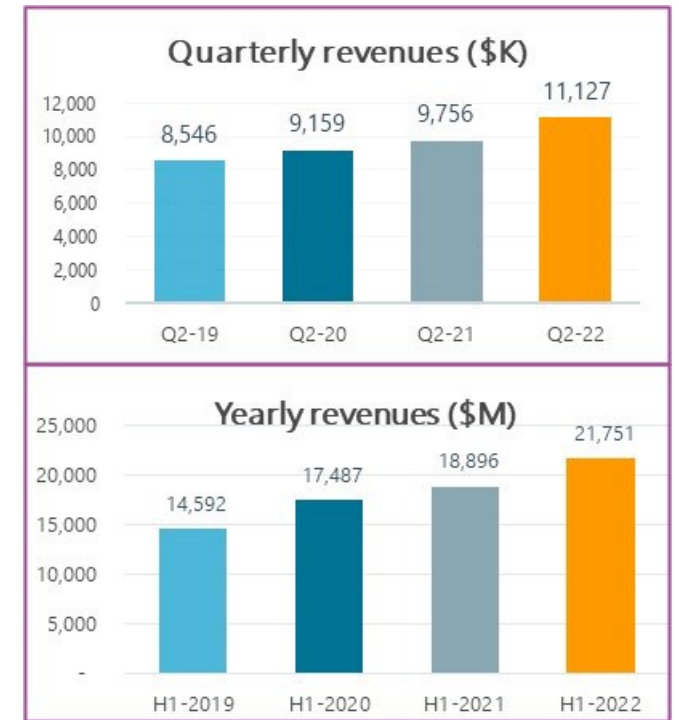
Forward-looking statements in the conference call involve several risks and uncertainties, including, but not limited, to the Company's statements about its full-year 2022 revenue guidance, expected growth in 2023, expectations regarding the enterprise market for telecom operators, continued investment in and benefits from research and development, its expectation to gain further interest from operators and play an important role in facilitating the transition to 5G, its expectations about its pipeline and momentum, further demand for its products and growth, levels of expenses and keeping them below revenues, the potential for additional multi-year contracts, engagements and expansion of opportunities, the Company's expectations with respect to its relationships with Rakuten and AT&T and potential grants from the Israeli Innovation Authority. 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.

Q2-22 OVERVIEW

- Second-quarter revenues of \$11.1 million, 14% quarterly revenue growth year-over-year.
- Manage cost carefully and maintaining the same level of Non-GAAP operating expenses (\$7.9M compared to \$8M in the second quarter of 2021).
- Non-GAAP net income was \$0.02 million compared to a loss of \$0.3 million in the same period in 2021.
- Cash and short-term deposits of \$73.1 million, a 4-year high
- Increases 2022 revenue guidance range from \$43 million-\$47 million to \$45 million-\$48 million





SECOND QUARTER 2022 FINANCIAL RESULTS



CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

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

UNAUDITED

| | Three months ended | | Six months ended | |
|---|--------------------|------------|------------------|------------|
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | Unaudited | Audited | Unaudited | Audited |
| Revenues | \$ 11,127 | \$ 9,756 | \$ 21,751 | \$ 18,896 |
| Cost of revenues | \$ 3,178 | \$ 2,466 | \$ 6,015 | \$ 4,833 |
| Gross profit | \$ 7,949 | \$ 7,290 | \$ 15,736 | \$ 14,063 |
| Gross profit % | 71% | 75% | 72% | 74% |
| Research and development, gross | \$ 5,349 | \$ 5,226 | \$ 10,908 | \$ 10,330 |
| Less - royalty-bearing participation | \$ 197 | \$ 70 | \$ 415 | \$ 138 |
| Research and development, net | \$ 5,152 | \$ 5,156 | \$ 10,493 | \$ 10,192 |
| Sales and marketing | \$ 2,879 | \$ 2,566 | \$ 5,784 | \$ 5,156 |
| General and administrative | \$ 1,007 | \$ 1,007 | \$ 2,028 | \$ 2,000 |
| Total operating expenses | \$ 9,038 | \$ 8,729 | \$ 18,305 | \$ 17,348 |
| Operating loss | \$ (1,089) | \$ (1,439) | \$ (2,569) | \$ (3,285) |
| Financial income (loss), net | \$ (130) | \$ 382 | \$ 817 | \$ 500 |
| Loss before taxes on income | \$ (1,219) | \$ (1,057) | \$ (1,752) | \$ (2,785) |
| Taxes on income | \$ (31) | \$ (40) | \$ (90) | \$ (58) |
| Net loss | \$ (1,250) | \$ (1,097) | \$ (1,842) | \$ (2,843) |
| Basic and diluted net loss per ordinary share | \$ (0.09) | \$ (0.08) | \$ (0.13) | \$ (0.20) |

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

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

UNAUDITED

| | Three months ended | | Six months ended | |
|--|---------------------|-----------|------------------|------------|
| | June 30, | | June 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| | NON-GAAP (1) | | | |
| Revenues | \$ 11,127 | \$ 9,756 | \$ 21,751 | \$ 18,896 |
| Cost of revenues | \$ 3,079 | \$ 2,428 | \$ 5,824 | \$ 4,751 |
| Gross profit | \$ 8,048 | \$ 7,328 | \$ 15,927 | \$ 14,145 |
| Gross profit % | 72% | 75% | 73% | 75% |
| Research and development, gross | \$ 4,706 | \$ 4,902 | \$ 9,654 | \$ 9,737 |
| Less - royalty-bearing participation | \$ 197 | \$ 70 | \$ 415 | \$ 138 |
| Research and development, net | \$ 4,509 | \$ 4,832 | \$ 9,239 | \$ 9,599 |
| Sales and marketing | \$ 2,522 | \$ 2,301 | \$ 5,120 | \$ 4,672 |
| General and administrative | \$ 841 | \$ 841 | \$ 1,666 | \$ 1,651 |
| Total operating expenses | \$ 7,872 | \$ 7,974 | \$ 16,025 | \$ 15,922 |
| Operating income (loss) | \$ 176 | \$ (646) | \$ (98) | \$ (1,777) |
| Financial income (loss), net | \$ (130) | \$ 382 | \$ 817 | \$ 500 |
| Income (loss) before taxes on income | \$ 46 | \$ (264) | \$ 719 | \$ (1,277) |
| Taxes on income | \$ (31) | \$ (40) | \$ (90) | \$ (58) |
| Net income (loss) | \$ 15 | \$ (304) | \$ 629 | \$ (1,335) |
| Basic net income (loss) per ordinary share | \$ 0.00 | \$ (0.02) | \$ 0.04 | \$ (0.09) |

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

RADCOM

OPERATING EXPENSES (GAAP)

(thousands of U.S. dollars)
UNAUDITED

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------------|--------------------------------|-----------------|------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Research and development, gross | \$ 5,349 | \$ 5,226 | \$ 10,908 | \$ 10,330 |
| Less - royalty-bearing participation | \$ 197 | \$ 70 | \$ 415 | \$ 138 |
| Research and development, net | \$ 5,152 | \$ 5,156 | \$ 10,493 | \$ 10,192 |
| Sales and marketing | \$ 2,879 | \$ 2,566 | \$ 5,784 | \$ 5,156 |
| General and administrative | \$ 1,007 | \$ 1,007 | \$ 2,028 | \$ 2,000 |
| Total operating expenses | <u>\$ 9,038</u> | <u>\$ 8,729</u> | <u>\$ 18,305</u> | <u>\$ 17,348</u> |

OPERATING EXPENSES (NON-GAAP)

(thousands of U.S. dollars)
UNAUDITED

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------------|--------------------------------|-----------------|------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | NON-GAAP (1) | | | |
| Research and development, gross | \$ 4,706 | \$ 4,902 | \$ 9,654 | \$ 9,737 |
| Less - royalty-bearing participation | \$ 197 | \$ 70 | \$ 415 | \$ 138 |
| Research and development, net | \$ 4,509 | \$ 4,832 | \$ 9,239 | \$ 9,599 |
| Sales and marketing | \$ 2,522 | \$ 2,301 | \$ 5,120 | \$ 4,672 |
| General and administrative | \$ 841 | \$ 841 | \$ 1,666 | \$ 1,651 |
| Total operating expenses | \$ 7,872 | \$ 7,974 | \$ 16,025 | \$ 15,922 |

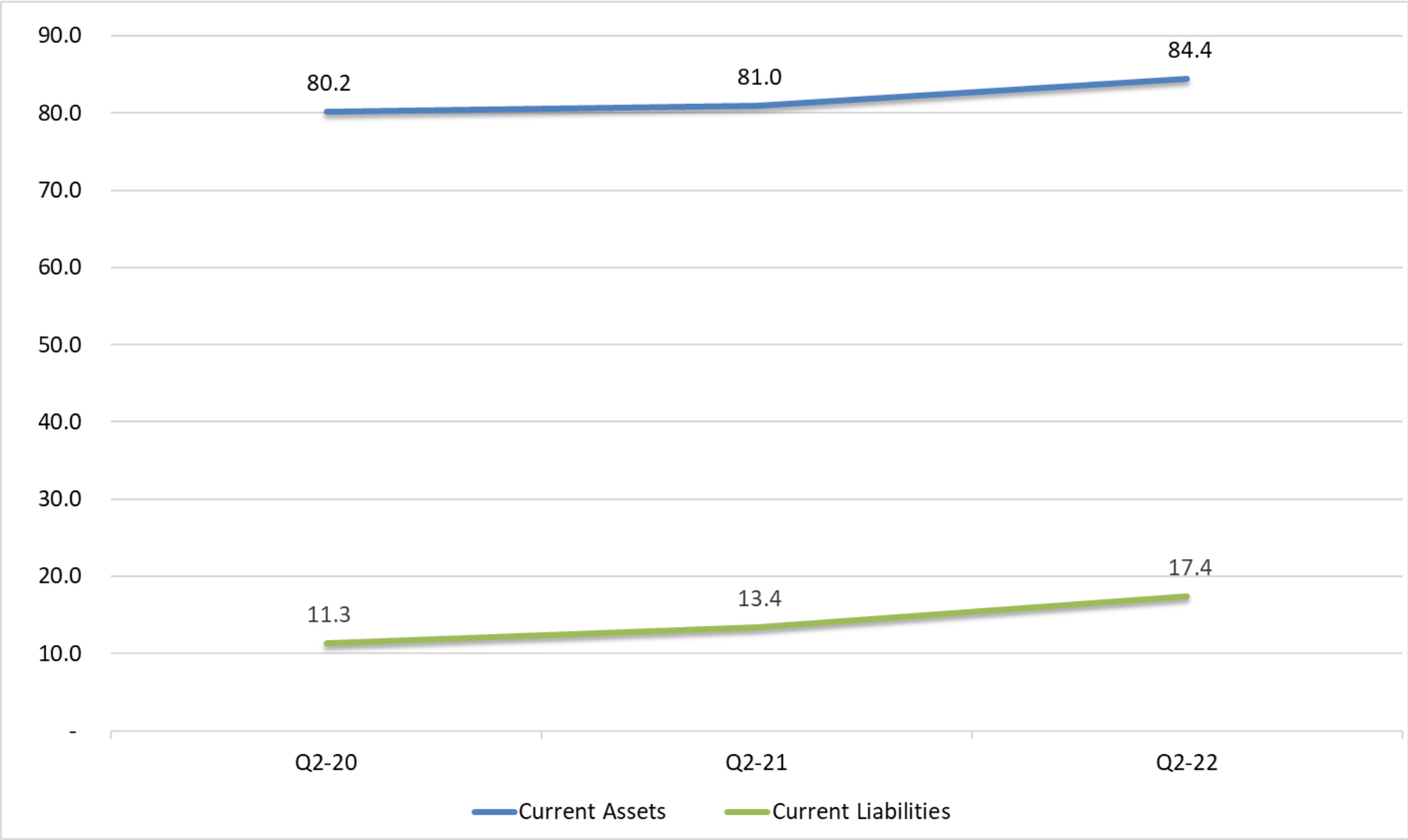
(1) Amounts exclude non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718.

CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

| | As of June 30, 2022 | As of December 31, 2021 |
|---|------------------------|-------------------------------|
| | Unaudited | Audited |
| Cash and cash equivalents | \$ 15,753 | \$ 11,948 |
| Short-term bank deposits | \$ 57,306 | \$ 58,621 |
| Trade receivables, net | \$ 8,392 | \$ 10,031 |
| Inventories | \$ 524 | \$ 931 |
| Other accounts receivable and prepaid expenses | \$ 2,473 | \$ 1,964 |
| Total Current Assets | \$ 84,448 | \$ 83,495 |
| Severance pay fund | \$ 2,812 | \$ 3,840 |
| Other long-term receivables | \$ 2,060 | \$ 1,258 |
| Property and equipment, net | \$ 1,107 | \$ 1,260 |
| Operating lease right-of-use assets | \$ 1,323 | \$ 1,808 |
| Total Non-Current Assets | \$ 7,302 | \$ 8,166 |
| Total Assets | \$ 91,750 | \$ 91,661 |
| Trade payables | \$ 1,776 | \$ 2,651 |
| Deferred revenues and advances from customers | \$ 5,640 | \$ 2,700 |
| Employee and payroll accruals | \$ 4,231 | \$ 4,422 |
| Operating lease liabilities | \$ 655 | \$ 1,045 |
| Other liabilities and accrued expenses | \$ 5,054 | \$ 5,428 |
| Total Current Liabilities | \$ 17,356 | \$ 16,246 |
| Deferred revenues | \$ - | \$ - |
| Accrued severance pay | \$ 3,191 | \$ 4,335 |
| Operating lease liabilities | \$ 723 | \$ 894 |
| Other liabilities and accrued expenses | \$ - | \$ 32 |
| Total Non-Current Liabilities | \$ 3,914 | \$ 5,261 |
| Total Liabilities | \$ 21,270 | \$ 21,507 |
| Shareholders' Equity | \$ 70,480 | \$ 70,154 |
| Total Liabilities and Shareholders' Equity | \$ 91,750 | \$ 91,661 |

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



THANK YOU