

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

Q1-23 CONFERENCE CALL

May 10, 2023



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 this presentation involve several risks and uncertainties, including, but not limited to, the Company's statements about its full-year 2023 revenue guidance as well as revenue from its business with AT&T, levels of gross margin, operating expenses and headcounts, expected growth in 2023 and beyond, expectations regarding the enterprise market for telecom operators, including trends in the market and the effect of general economic conditions, 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, the potential to leverage Continual's technology and products to the benefit of Radcom with Vodafone and other customers, its expectations about its pipeline, opportunities, leadership position and momentum, further demand for its products and growth, the Company's expectations with respect to its relationships with AT&T Rakuten 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.

Q1-23 OVERVIEW

- Revenues for the first quarter of 2023 were \$12 million dollars
- Cash and cash equivalents and short-term bank deposits of \$77.9 million dollars and no debt
- 2023 revenue guidance range of \$50 - \$53 million



FIRST QUARTER 2023 FINANCIAL RESULTS



CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

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

UNAUDITED

Three months ended
March 31,

	2023	2022
	Unaudited	Unaudited
Revenues	\$ 12,023	\$ 10,624
Cost of revenues	\$ 3,348	\$ 2,837
Gross profit	\$ 8,675	\$ 7,787
Gross profit %	72%	73%
Research and development, gross	\$ 4,769	\$ 5,559
Less - royalty-bearing participation	\$ 262	\$ 218
Research and development, net	\$ 4,507	\$ 5,341
Sales and marketing	\$ 3,313	\$ 2,905
General and administrative	\$ 1,229	\$ 1,021
Total operating expenses	\$ 9,049	\$ 9,267
Operating loss	\$ (374)	\$ (1,480)
Financial income, net	\$ 1,026	\$ 947
Income (loss) before taxes on income	\$ 652	\$ (533)
Taxes on income	\$ (31)	\$ (59)
Net income (loss)	\$ 621	\$ (592)
Basic and diluted net income (loss) per ordinary share	\$ 0.04	\$ (0.04)

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

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

UNAUDITED

Three months ended

March 31,

	<u>2023</u>	<u>2022</u>
	Unaudited	Unaudited
	NON-GAAP (1)	
Revenues	\$ 12,023	\$ 10,624
Cost of revenues	\$ 3,259	\$ 2,745
Gross profit	\$ 8,764	\$ 7,879
Gross profit %	73%	74%
Research and development, gross	\$ 4,224	\$ 4,948
Less - royalty-bearing participation	\$ 262	\$ 218
Research and development, net	\$ 3,962	\$ 4,730
Sales and marketing	\$ 3,005	\$ 2,598
General and administrative	\$ 964	\$ 825
Total operating expenses	\$ 7,931	\$ 8,153
Operating income (loss)	\$ 833	\$ (274)
Financial income, net	\$ 1,026	\$ 947
Income before taxes on income	\$ 1,859	\$ 673
Taxes on income	\$ (31)	\$ (59)
Net income	\$ 1,828	\$ 614
Basis and diluted net income (loss) per ordinary share	\$ 0.12	\$ 0.04

(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

Three months ended
March 31,

	2023	2022
	Unaudited	Unaudited
Research and development, gross	\$ 4,769	\$ 5,559
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Research and development, net	\$ 4,507	\$ 5,341
Sales and marketing	\$ 3,313	\$ 2,905
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OPERATING EXPENSES (NON-GAAP)

(thousands of U.S. dollars)
UNAUDITED

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March 31,

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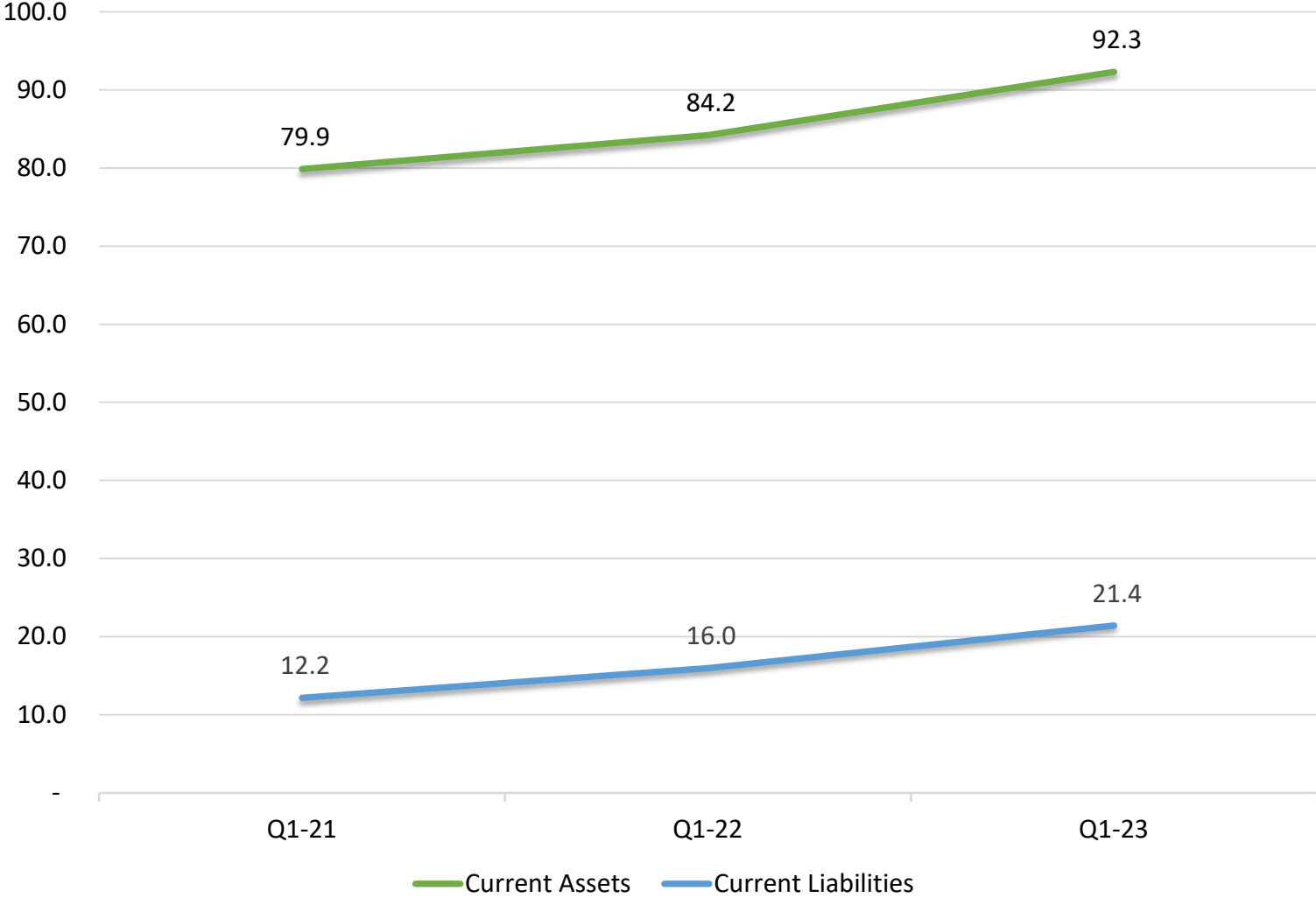
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CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

	As of March 31, 2023	As of December 31, 2022
	(Unaudited)	(audited)
Cash and cash equivalents	\$ 9,727	\$ 9,527
Short-term bank deposits	\$ 68,155	\$ 64,130
Trade receivables, net	\$ 11,953	\$ 11,074
Inventories	\$ 407	\$ 795
Other accounts receivable and prepaid expenses	\$ 2,068	\$ 1,928
Total Current Assets	\$ 92,310	\$ 87,454
Long-term bank deposits	\$ -	\$ 4,002
Severance pay fund	\$ 3,315	\$ 3,524
Other long-term receivables	\$ 2,131	\$ 2,557
Property and equipment, net	\$ 945	\$ 1,010
Operating lease right-of-use assets	\$ 2,144	\$ 2,457
Total Non-Current Assets	\$ 8,535	\$ 13,550
Total Assets	\$ 100,845	\$ 101,004
Trade payables	\$ 1,865	\$ 2,708
Deferred revenues and advances from customers	\$ 6,884	\$ 7,037
Employee and payroll accruals	\$ 4,519	\$ 5,198
Operating lease liabilities	\$ 968	\$ 1,024
Other liabilities and accrued expenses	\$ 7,167	\$ 6,829
Total Current Liabilities	\$ 21,403	\$ 22,796
Accrued severance pay	\$ 3,750	\$ 3,973
Operating lease liabilities	\$ 1,131	\$ 1,452
Total Non-Current Liabilities	\$ 4,881	\$ 5,425
Total Liabilities	\$ 26,284	\$ 28,221
Shareholders' Equity	\$ 74,561	\$ 72,783
Total Liabilities and Shareholders' Equity	\$ 100,845	\$ 101,004

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



THANK YOU