

RADCOM

Q2-23 CONFERENCE CALL

August 2nd , 2023



AGENDA

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

SAFE HARBOR PROVISION

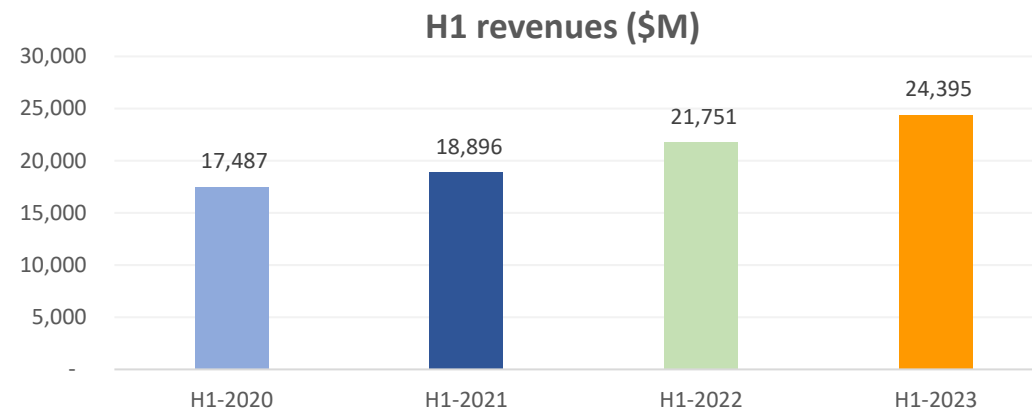
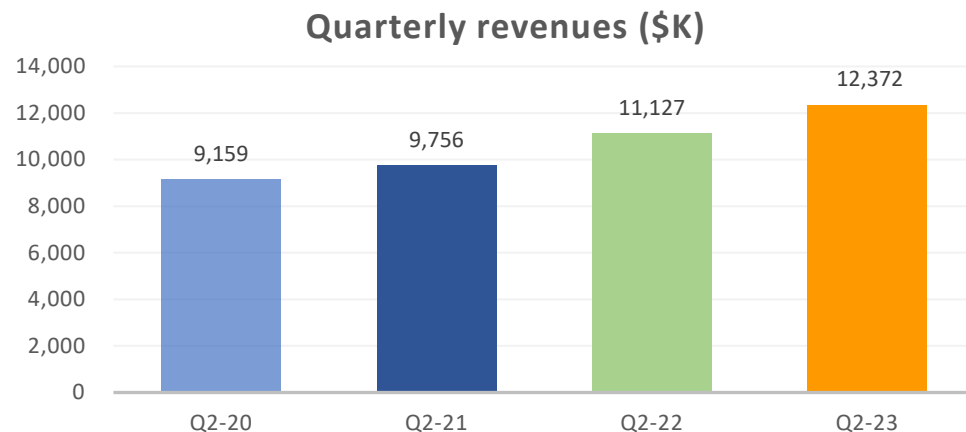
Forward-looking statements in the conference call involve several risks and uncertainties, including, but not limited, to the Company's statements about its full-year 2023 revenue guidance, expected growth in 2024, expectations regarding the enterprise market for telecom operators, continued investment 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, acquisition-related expenses and amortization of intangible assets related to acquisitions, 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.

Q2-23 OVERVIEW

- Second-quarter revenues of \$12.4 million, 11% quarterly revenue growth year-over-year.
- Managed cost carefully and maintained the same level of Non-GAAP operating expenses (\$8.2M compared to \$7.9M in the second quarter of 2022).
- GAAP net income was \$0.8 million compared to a loss of \$1.3 million in the same period in 2022.
- Non-GAAP net income was \$2.1 million compared to an income of \$0.02 million in the same period in 2022.
- Cash and cash equivalents and short-term bank deposits of \$78.3 million and no debt.





SECOND QUARTER 2023 FINANCIAL RESULTS

CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Audited
Revenues	\$ 12,372	\$ 11,127	\$ 24,395	\$ 21,751
Cost of revenues	\$ 3,480	\$ 3,178	\$ 6,828	\$ 6,015
Gross profit	\$ 8,892	\$ 7,949	\$ 17,567	\$ 15,736
Gross profit %	72%	71%	72%	72%
Research and development, gross	\$ 4,952	\$ 5,349	\$ 9,721	\$ 10,908
Less - royalty-bearing participation	\$ 180	\$ 197	\$ 442	\$ 415
Research and development, net	\$ 4,772	\$ 5,152	\$ 9,279	\$ 10,493
Sales and marketing	\$ 3,351	\$ 2,879	\$ 6,664	\$ 5,784
General and administrative	\$ 1,215	\$ 1,007	\$ 2,444	\$ 2,028
Total operating expenses	\$ 9,338	\$ 9,038	\$ 18,387	\$ 18,305
Operating loss	\$ (446)	\$ (1,089)	\$ (820)	\$ (2,569)
Financial income (loss), net	\$ 1,260	\$ (130)	\$ 2,286	\$ 817
Income (loss) before taxes on income	\$ 814	\$ (1,219)	\$ 1,466	\$ (1,752)
Taxes on income	\$ (33)	\$ (31)	\$ (64)	\$ (90)
Net income (loss)	\$ 781	\$ (1,250)	\$ 1,402	\$ (1,842)
Basic net income (loss) per ordinary share	\$ 0.05	\$ (0.09)	\$ 0.09	\$ (0.13)
Diluted net income (loss) per ordinary share	\$ 0.05	\$ (0.09)	\$ 0.09	\$ (0.13)

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Audited
	NON-GAAP (1)			
Revenues	\$ 12,372	\$ 11,127	\$ 24,395	\$ 21,751
Cost of revenues	\$ 3,363	\$ 3,079	\$ 6,622	\$ 5,824
Gross profit	\$ 9,009	\$ 8,048	\$ 17,773	\$ 15,927
Gross profit %	73%	72%	73%	73%
Research and development, gross	\$ 4,416	\$ 4,706	\$ 8,640	\$ 9,654
Less - royalty-bearing participation	\$ 180	\$ 197	\$ 442	\$ 415
Research and development, net	\$ 4,236	\$ 4,509	\$ 8,198	\$ 9,239
Sales and marketing	\$ 3,002	\$ 2,522	\$ 6,007	\$ 5,120
General and administrative	\$ 929	\$ 841	\$ 1,893	\$ 1,666
Total operating expenses	\$ 8,167	\$ 7,872	\$ 16,098	\$ 16,025
Operating income (loss)	\$ 842	\$ 176	\$ 1,675	\$ (97)
Financial income (loss), net	\$ 1,289	\$ (130)	\$ 2,315	\$ 817
Income before taxes on income	\$ 2,131	\$ 46	\$ 3,990	\$ 720
Taxes on income	\$ (33)	\$ (31)	\$ (64)	\$ (90)
Net income	\$ 2,098	\$ 15	\$ 3,926	\$ 630
Basic net income (loss) per ordinary share	\$ 0.13	\$ 0.001	\$ 0.26	\$ 0.04
Diluted net income (loss) per ordinary share	\$ 0.13	\$ 0.001	\$ 0.25	\$ 0.04

(1) Amounts exclude non-cash stock-based compensation expenses, acquisition-related expenses and amortization of intangible assets related to acquisitions.

OPERATING EXPENSES (GAAP)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Audited
Research and development, gross	\$ 4,952	\$ 5,349	\$ 9,721	\$ 10,908
Less - royalty-bearing participation	\$ 180	\$ 197	\$ 442	\$ 415
Research and development, net	\$ 4,772	\$ 5,152	\$ 9,279	\$ 10,493
Sales and marketing	\$ 3,351	\$ 2,879	\$ 6,664	\$ 5,784
General and administrative	\$ 1,215	\$ 1,007	\$ 2,444	\$ 2,028
Total operating expenses	<u>\$ 9,338</u>	<u>\$ 9,038</u>	<u>\$ 18,387</u>	<u>\$ 18,305</u>

OPERATING EXPENSES (NON-GAAP)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Audited
	NON-GAAP (1)			
Research and development, gross	\$ 4,416	\$ 4,706	\$ 8,640	\$ 9,654
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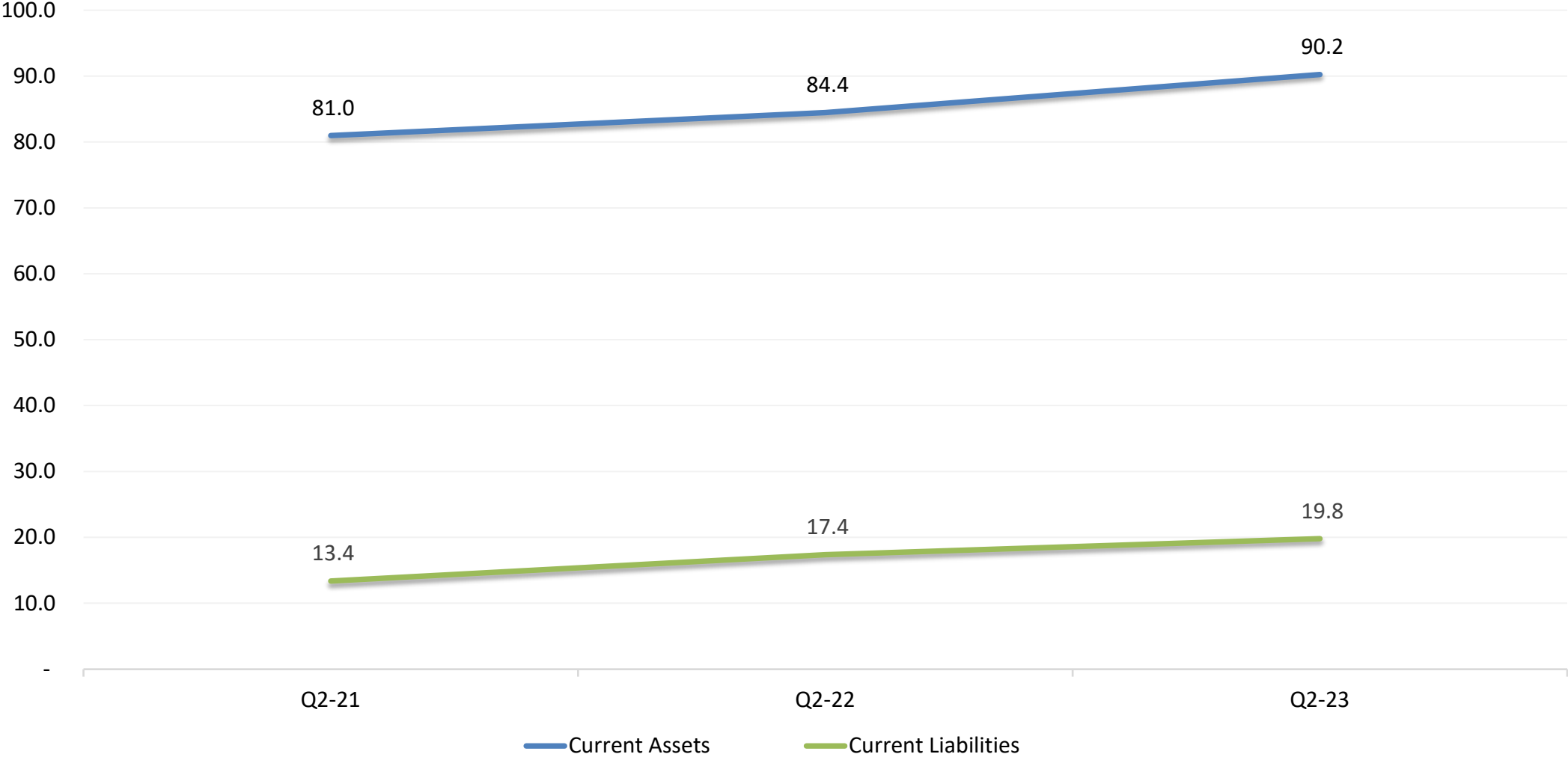
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CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

	As of June 30, 2023	As of December 31, 2022
	(Unaudited)	(audited)
Cash and cash equivalents	\$ 35,409	\$ 9,527
Short-term bank deposits	\$ 42,901	\$ 64,130
Trade receivables, net	\$ 10,111	\$ 11,074
Inventories	\$ 396	\$ 795
Other accounts receivable and prepaid expenses	\$ 1,409	\$ 1,928
Total Current Assets	\$ 90,226	\$ 87,454
Long-term bank deposits	\$ -	\$ 4,002
Severance pay fund	\$ 3,278	\$ 3,524
Other long-term receivables	\$ 1,995	\$ 2,557
Property and equipment, net	\$ 884	\$ 1,010
Goodwill and intangible assets, net	\$ 3,146	\$ -
Operating lease right-of-use assets	\$ 1,946	\$ 2,457
Total Non-Current Assets	\$ 11,249	\$ 13,550
Total Assets	\$ 101,475	\$ 101,004
Trade payables	\$ 1,433	\$ 2,708
Deferred revenues and advances from customers	\$ 4,359	\$ 7,037
Employee and payroll accruals	\$ 4,663	\$ 5,198
Operating lease liabilities	\$ 949	\$ 1,024
Other liabilities and accrued expenses	\$ 8,391	\$ 6,829
Total Current Liabilities	\$ 19,795	\$ 22,796
Accrued severance pay	\$ 3,859	\$ 3,973
Operating lease liabilities	\$ 917	\$ 1,452
Other liabilities and accrued expenses	\$ 675	\$ -
Total Non-Current Liabilities	\$ 5,451	\$ 5,425
Total Liabilities	\$ 25,246	\$ 28,221
Shareholders' Equity	\$ 76,229	\$ 72,783
Total Liabilities and Shareholders' Equity	\$ 101,475	\$ 101,004

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



THANK YOU RADCOM



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