

RADCOM

Q3-23 CONFERENCE CALL

November 8th, 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, the potential to scale up to a mid-size software company, levels of gross margin, further increases to revenues and profitability in 2024, operating and stock-based compensation expenses, headcount, expectations regarding continued rollouts in the 5G market and investments in networks, sales opportunities, pipeline, momentum, potential and expected growth, the effects of the war in Israel, its expectations with respect to investments in research and development and sales and marketing, as well as grants from the Israel Innovation Authority, deployment of its 5G solutions in multiple cloud environments and the potential benefits to its clients, the potential of the Company's products with respect to artificial intelligence (AI) and generative-AI and customer satisfaction. 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 Company's press release, dated November 8, 2023, and the Company's SEC filings.

The Company does not undertake to revise or update any forward-looking statements for any reason.

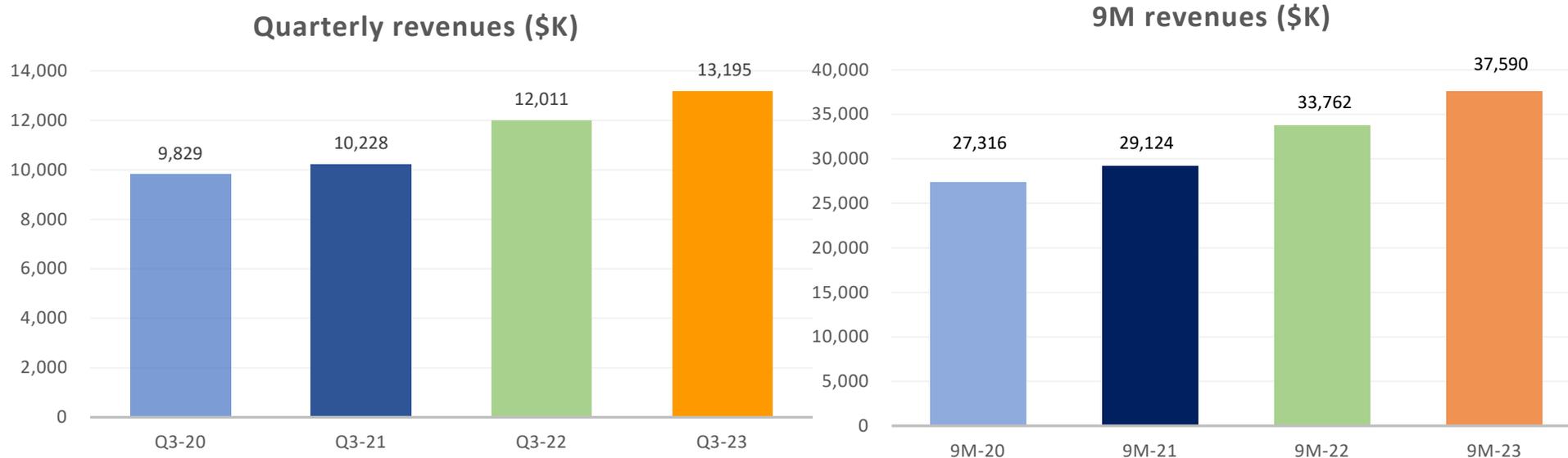
NON-GAAP FINANCIAL MEASURES

In this conference call, management will refer 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 helpful in assessing RADCOM's core operating performance and evaluating and comparing the results of operations consistently 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 included in the quarter's earnings release, available on the Company's website at www.radcom.com, the content of which does not form a part of this presentation.

Q3-23 OVERVIEW

- Third-quarter revenues of \$13.2 million, 10% quarterly revenue growth year-over-year.
- Managed costs carefully and maintained the same non-GAAP operating expenses (\$8.6M compared to \$8.3M in the third quarter of 2022).
- GAAP net loss was \$0.3 million compared to a net loss of \$0.4 million in the same period in 2022.
- Non-GAAP net income was \$2.4 million compared to \$0.9 million in the same period in 2022.
- Cash and cash equivalents and short-term bank deposits of \$78.6 million and no debt.





THIRD QUARTER 2023 FINANCIAL RESULTS

CONSOLIDATED STATEMENTS OF OPERATIONS (GAAP)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenues	\$ 13,195	\$ 12,011	\$ 37,590	\$ 33,762
Cost of revenues	\$ 3,510	\$ 3,308	\$ 10,338	\$ 9,323
Gross profit	\$ 9,685	\$ 8,703	\$ 27,252	\$ 24,439
Gross profit %	73%	72%	72%	72%
Research and development, gross	\$ 5,527	\$ 5,285	\$ 15,248	\$ 16,193
Less - royalty-bearing participation	\$ 104	\$ 187	\$ 546	\$ 602
Research and development, net	\$ 5,423	\$ 5,098	\$ 14,702	\$ 15,591
Sales and marketing	\$ 4,208	\$ 3,205	\$ 10,872	\$ 8,989
General and administrative	\$ 1,317	\$ 1,207	\$ 3,761	\$ 3,235
Total operating expenses	\$ 10,948	\$ 9,510	\$ 29,335	\$ 27,815
Operating loss	\$ (1,263)	\$ (807)	\$ (2,083)	\$ (3,376)
Financial income, net	\$ 1,023	\$ 448	\$ 3,309	\$ 1,265
Income (loss) before taxes on income	\$ (240)	\$ (359)	\$ 1,226	\$ (2,111)
Taxes on income	\$ (41)	\$ (30)	\$ (105)	\$ (120)
Net income (loss)	\$ (281)	\$ (389)	\$ 1,121	\$ (2,231)
Basic net income (loss) per ordinary share	\$ (0.02)	\$ (0.03)	\$ 0.07	\$ (0.15)
Diluted net income (loss) per ordinary share	\$ (0.02)	\$ (0.03)	\$ 0.07	\$ (0.15)

CONSOLIDATED STATEMENTS OF OPERATIONS (NON-GAAP)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	NON-GAAP (1)			
Revenues	\$ 13,195	\$ 12,011	\$ 37,590	\$ 33,762
Cost of revenues	\$ 3,252	\$ 3,207	\$ 9,874	\$ 9,031
Gross profit	\$ 9,943	\$ 8,804	\$ 27,716	\$ 24,731
Gross profit %	75%	72%	74%	73%
Research and development, gross	\$ 4,342	\$ 4,644	\$ 12,982	\$ 14,298
Less - royalty-bearing participation	\$ 104	\$ 187	\$ 546	\$ 602
Research and development, net	\$ 4,238	\$ 4,457	\$ 12,436	\$ 13,696
Sales and marketing	\$ 3,368	\$ 2,844	\$ 9,375	\$ 7,964
General and administrative	\$ 962	\$ 958	\$ 2,855	\$ 2,624
Total operating expenses	\$ 8,568	\$ 8,259	\$ 24,666	\$ 24,284
Operating income	\$ 1,375	\$ 545	\$ 3,050	\$ 447
Financial income, net	\$ 1,069	\$ 448	\$ 3,384	\$ 1,265
Income before taxes on income	\$ 2,444	\$ 993	\$ 6,434	\$ 1,712
Taxes on income	\$ (41)	\$ (30)	\$ (105)	\$ (120)
Net income	\$ 2,403	\$ 963	\$ 6,329	\$ 1,592
Basic net income (loss) per ordinary share	\$ 0.16	\$ 0.07	\$ 0.42	\$ 0.11
Diluted net income (loss) per ordinary share	\$ 0.15	\$ 0.06	\$ 0.40	\$ 0.11

(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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Research and development, gross	\$ 5,527	\$ 5,285	\$ 15,248	\$ 16,193
Less - royalty-bearing participation	\$ 104	\$ 187	\$ 546	\$ 602
Research and development, net	\$ 5,423	\$ 5,098	\$ 14,702	\$ 15,591
Sales and marketing	\$ 4,208	\$ 3,205	\$ 10,872	\$ 8,989
General and administrative	\$ 1,317	\$ 1,207	\$ 3,761	\$ 3,235
Total operating expenses	<u>\$ 10,948</u>	<u>\$ 9,510</u>	<u>\$ 29,335</u>	<u>\$ 27,815</u>

OPERATING EXPENSES (NON-GAAP)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Unaudited
	NON-GAAP (1)			
Research and development, gross	\$ 4,342	\$ 4,644	\$ 12,982	\$ 14,298
Less - royalty-bearing participation	\$ 104	\$ 187	\$ 546	\$ 602
Research and development, net	\$ 4,238	\$ 4,457	\$ 12,436	\$ 13,696
Sales and marketing	\$ 3,368	\$ 2,844	\$ 9,375	\$ 7,964
General and administrative	\$ 962	\$ 958	\$ 2,855	\$ 2,624
Total operating expenses	<u>\$ 8,568</u>	<u>\$ 8,259</u>	<u>\$ 24,666</u>	<u>\$ 24,284</u>

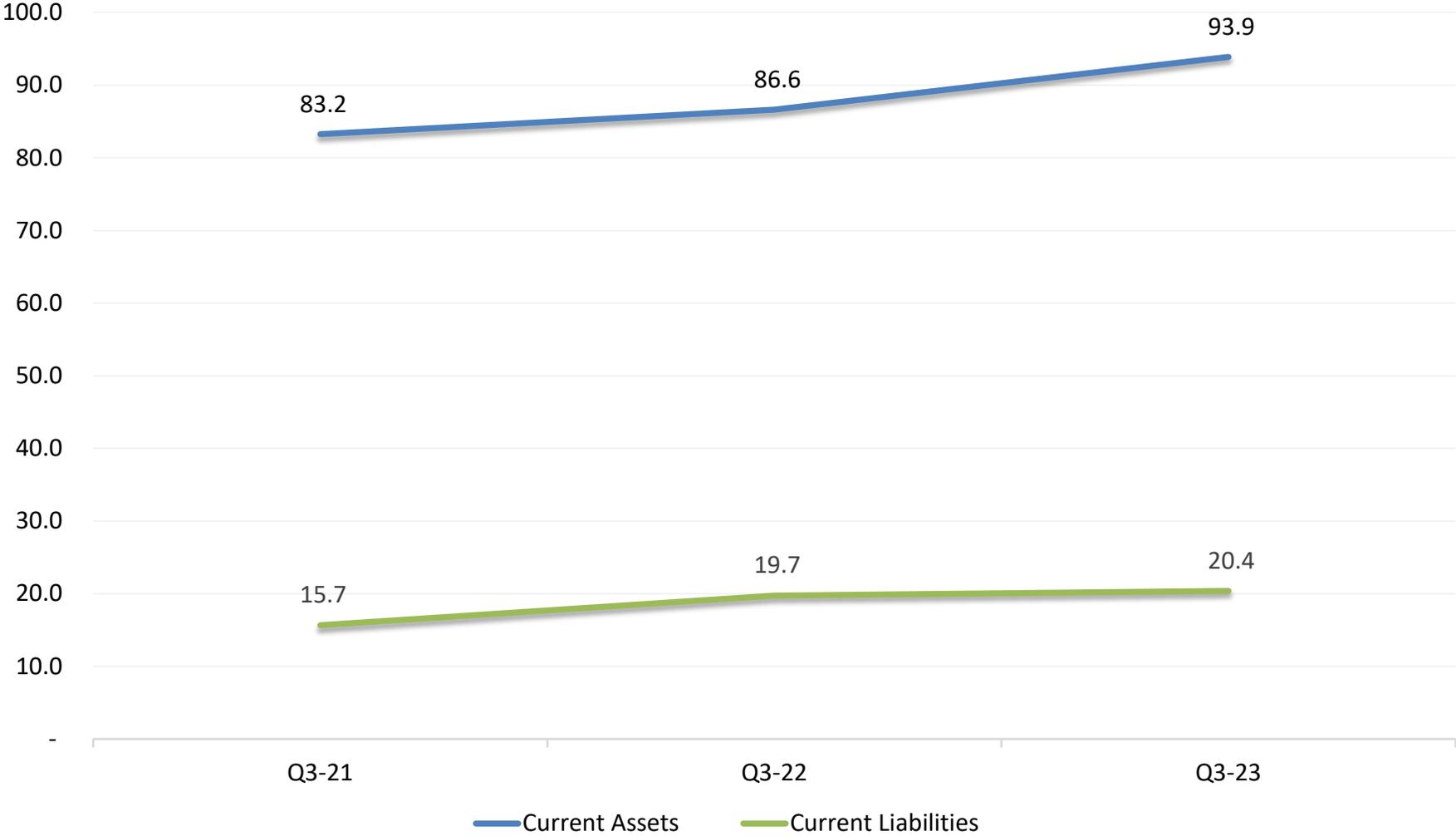
(1) Amounts exclude non-cash stock-based compensation expenses, acquisition-related expenses and amortization of intangible assets related to acquisitions.

CONSOLIDATED BALANCE SHEETS

(thousands of U.S. dollars)

	As of September 30, 2023	As of December 31, 2022
Cash and cash equivalents	\$ 8,458	\$ 9,527
Short-term bank deposits	\$ 70,106	\$ 64,130
Trade receivables, net	\$ 13,677	\$ 11,074
Inventories	\$ 390	\$ 795
Other accounts receivable and prepaid expenses	\$ 1,245	\$ 1,928
Total Current Assets	\$ 93,876	\$ 87,454
Long-term bank deposits	\$ 24	\$ 4,002
Severance pay fund	\$ 3,006	\$ 3,524
Other long-term receivables	\$ 1,687	\$ 2,557
Property and equipment, net	\$ 817	\$ 1,010
Goodwill and intangible assets, net	\$ 3,036	\$ -
Operating lease right-of-use assets	\$ 1,680	\$ 2,457
Total Non-Current Assets	\$ 10,250	\$ 13,550
Total Assets	\$ 104,126	\$ 101,004
Trade payables	\$ 2,360	\$ 2,708
Deferred revenues and advances from customers	\$ 2,619	\$ 7,037
Employee and payroll accruals	\$ 4,910	\$ 5,198
Operating lease liabilities	\$ 907	\$ 1,024
Other liabilities and accrued expenses	\$ 9,605	\$ 6,829
Total Current Liabilities	\$ 20,401	\$ 22,796
Accrued severance pay	\$ 3,806	\$ 3,973
Operating lease liabilities	\$ 681	\$ 1,452
Other liabilities and accrued expenses	\$ 655	\$ -
Total Non-Current Liabilities	\$ 5,142	\$ 5,425
Total Liabilities	\$ 25,543	\$ 28,221
Shareholders' Equity	\$ 78,583	\$ 72,783
Total Liabilities and Shareholders' Equity	\$ 104,126	\$ 101,004

CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



THANK YOU RADCOM



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