

THIRD QUARTER 2016 RESULTS

“We are very pleased with our third quarter results, in particular our achievement of 10% revenue growth year over year and a solid 340 bps improvement in non-GAAP gross margins to 45% and a 720 bps expansion in non-GAAP operating margins to 11.9%. These results are propelled by record revenues from Office/VoIP and HDClear, and new product revenues achieving a high of \$16.6 million, representing an increase of 70% year over year. While we expect to accomplish our 2016 goals of reaching \$15 million in mobile revenues and growth of approximately 50% in new products, evidencing our successful expansion into new market verticals with growing revenue streams that enable the company to achieve sustainable growth and higher profitability, we expect our fourth quarter results to be negatively impacted by weakness in our mobile segment.”

Ofer Elyakim, Chief Executive Officer

FINANCIAL HIGHLIGHTS

\$38.8M
REVENUES

\$0.19
EPS NON-GAAP

\$16.6M
NEW PRODUCT REVENUES

45.0%
GROSS MARGINS NON-GAAP

NEW PRODUCT HIGHLIGHTS

HOME

- Home Gateway revenues of \$3.1M, a year over year increase of 36%
- IoT revenues of \$1.2M, a year over year increase of 5%
- A major Australian service provider launched DECT enabled home gateway bundled with CAT-iq handsets based on our DECT/CAT-iq SoC
- ADB launched HD Voice enabled home gateways integrating our DECT/CAT-iq SoC
- Signed three new customers and partners for smart home applications



OFFICE

- Office/VoIP segment revenues of \$7.7M, a year-over-year increase of 23%
- Secured an additional design win with a Tier-1 OEM for high-end conferencing system

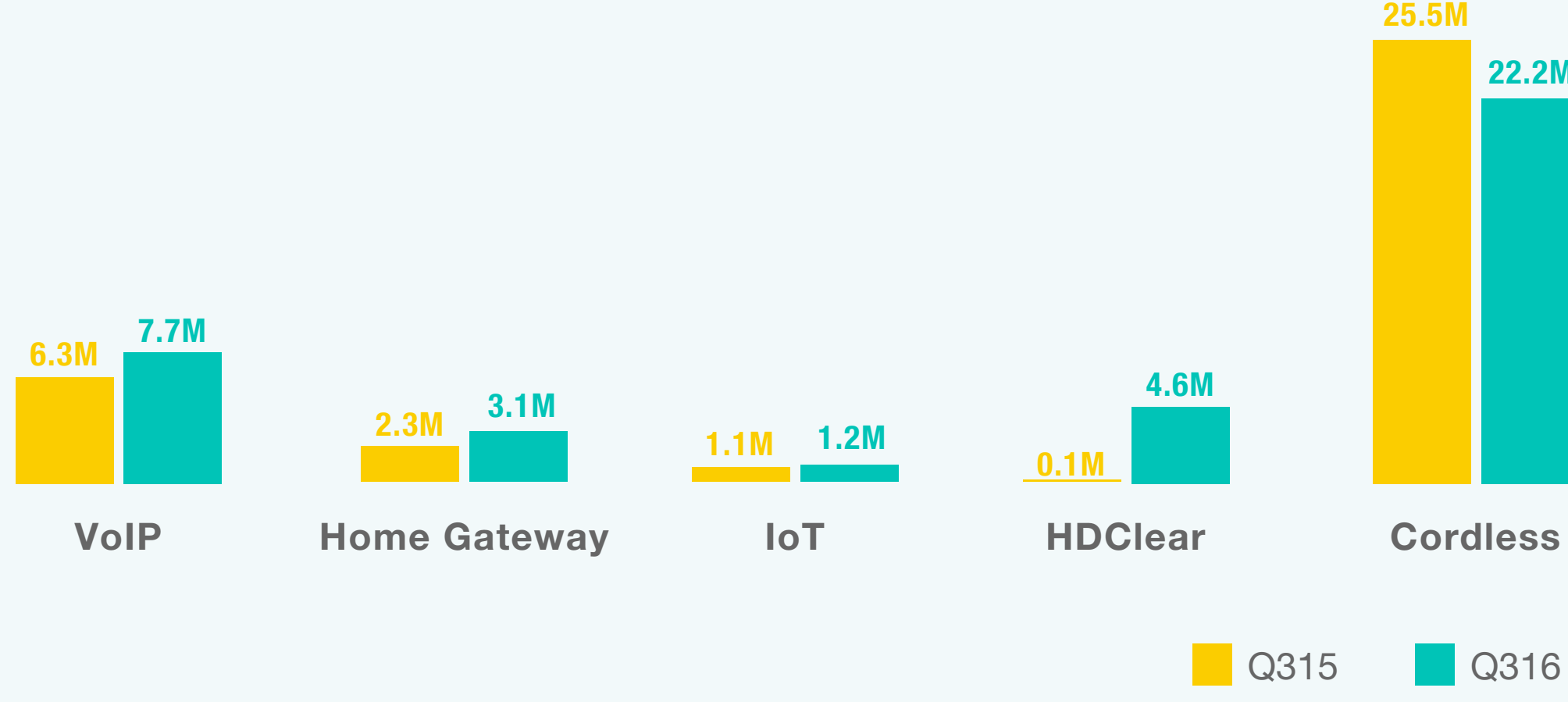


MOBILE

- Mobile segment revenues of \$4.6M, 12% of total revenues
- Secured a second HDClear design win with a leading OEM for a non-smartphone applications



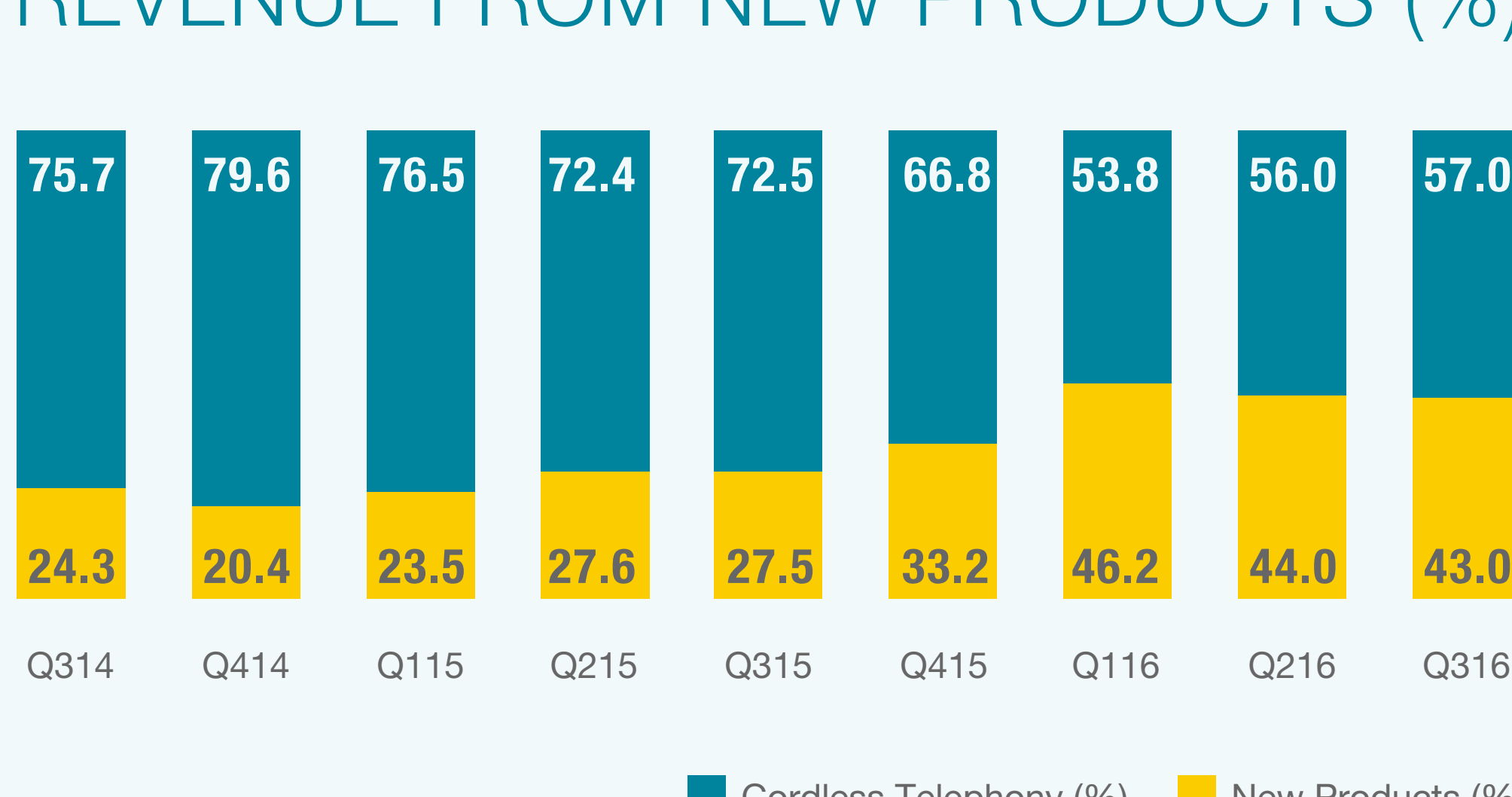
REVENUES (\$)



GROSS MARGINS NON-GAAP



REVENUE FROM NEW PRODUCTS (%)



FAST FACTS



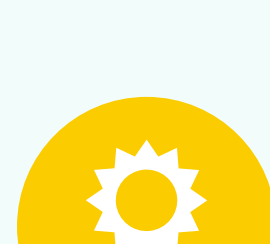
\$2.2M
Q3 SHARE BUYBACK



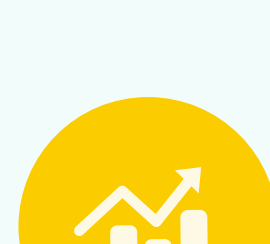
\$120.6M
Q3 CASH



\$1.2M
Q3 OPERATING CASH FLOW



11.9%
OPERATING MARGIN NON-GAAP



\$5.1
Q3 CASH PER SHARE