

## **Jacada Reports Financial Results for the 2005 Third Quarter**

### *Company Continues To Drive Market Growth With New Business, Strategic Alliances*

**ATLANTA, November 7, 2005** – Jacada Ltd. (Nasdaq: JCDA), a leader in software solutions that drive contact center process improvement, today reported financial results for the 2005 third quarter that were consistent with previously issued guidance.

Total revenues for the 2005 third quarter were \$5.5 million, compared to \$5.5 million in the second quarter of 2005 and \$4.9 million in the third quarter of 2004. Software and products revenues were \$2.0 million in the 2005 third quarter, compared to \$2.0 million in the second quarter of 2005 and \$1.4 million in the third quarter of 2004. Service and maintenance revenues were \$3.5 million in the 2005 third quarter, compared to \$3.5 million in the second quarter of 2005 and \$3.5 million in the second quarter of 2004.

Gross profit for the 2005 third quarter was \$4.3 million, or 78% of total revenues, compared to \$4.5 million, or 82% of total revenues, in the 2005 second quarter. Operating loss for the 2005 third quarter was \$395,000, compared to \$410,000 in the 2005 second quarter. Net loss for the 2005 third quarter was \$143,000 or \$0.01 per share, compared to a net loss of \$233,000, or \$0.01 per share, in the 2005 second quarter. In the third quarter of 2004, Jacada reported gross profit of \$3.6 million, or 74% of total revenues, an operating loss of \$1.2 million, and a net loss of \$1.1 million, or \$0.06 per share.

At the end of the 2005 third quarter, Jacada's cash and investments totaled \$37.0 million, compared to \$39.3 million at the end of the 2005 second quarter and \$38.0 million at the end of the 2004 third quarter.

### Third-Quarter Highlights

During the quarter, Jacada announced the general availability of Jacada® Fusion Agent Portal, an innovative desktop solution that optimizes workflow processes across business systems within a contact center, providing a single point of access to systems and resources to improve agent satisfaction and customer experience.

The selection of Jacada Fusion Agent Portal was a key part of Cox Communications' Enterprise initiative designed to maximize the customer service representative's (CSR) work experience by

providing a simplified desktop. With an intense focus on excellence in customer service and enhancing employee satisfaction, Cox Communications selected Jacada Fusion Agent Portal to deliver an intuitive, customizable desktop environment, so that its CSRs have the resources they needed to deliver superior customer service.

West Corporation, a leading outsourced communications provider, expanded its investment in Jacada Fusion by becoming the first adopter of Jacada Fusion Agent Portal. West chose the solution to standardize the agent desktop and provide more consistent service levels throughout its contact center operations and across the different clients it services.

“In the third quarter, a large telecommunications provider selected Jacada Fusion to improve processes within their sales contact center,” said Gideon Hollander, CEO of Jacada. “We expect that the customer will go into production in the first quarter of 2006. In addition, Jacada entered into agreements with two large contact center outsourcers, APAC Customer Services Inc. in North America and Vertex in the UK.”

“We are rapidly discovering more companies, who strive to align their contact centers and their strategic business initiatives to improve productivity and boost performance,” said Hollander. “We feel Jacada’s non-invasive process and desktop optimization solutions provide a unique fit within the contact center market, where we expect demand to accelerate.”

#### Partnerships Drive Market Penetration

Jacada’s strong partnership with service infrastructure corporation BEA continues to drive demand for Jacada Fusion as well. The combined efforts between both companies have proven successful in further penetrating the market and initiating demand from the service-oriented architecture and composite applications perspectives.

In addition to increased sales activity in North America and Europe, Jacada also recently announced its alliance with Avaya GlobalConnect, the largest provider of contact center solutions in India. “We feel this partnership positions Jacada favorably in the global contact center market, and will play a significant role in growing the company’s business on a global scale,” said Hollander.

#### Financial Outlook

“Jacada Fusion revenue is recognized over the term of the contract, a methodology that significantly improves visibility, promotes sustained growth, however, decreases short-term revenue growth,” said Hollander. “For the fourth quarter, we anticipate a continued increase in Jacada Fusion revenue offset by a decrease in our traditional products revenue. Our challenge will be to minimize the decrease.”

“We are optimistic about the continued growth in our sales pipeline worldwide and the momentum that is building for desktop and process optimization solutions in the contact center market,” concluded Hollander.

#### Conference Call Details

Jacada will hold a teleconference at 10:30 a.m. Eastern time today. To participate in the teleconference, please call toll-free 1-800-659-2056 or 617-614-2714 for international callers, and provide passcode 63958202. The teleconference will also be available via Webcast at [www.jacada.com](http://www.jacada.com) (under “Investors”) or [www.fulldisclosure.com](http://www.fulldisclosure.com)

A telephonic playback of the teleconference will be available for five days beginning at 12:30 p.m. Eastern time on November 7. To access the replay, dial toll-free 1-888-286-8010, or for international callers dial 617-801-6888, and provide passcode 46485784.

**About Jacada** - Jacada solutions help customers rapidly simplify and improve high-value business processes while eliminating the traditional long and expensive systems replacement projects. Jacada Fusion is an award-winning agent productivity solution containing patented technology that enables organizations to reduce customer churn as well as increase revenues by providing more time for up-sell and cross-sell activities. Jacada Fusion delivers a simplified interaction to dramatically improve the efficiency of the agent and the experience of the customer. By significantly reducing call handle times and training costs, Jacada Fusion delivers hard ROI, with payback achieved in months. Jacada solutions are deployed in over 100 contact centers to over 100,000 customer service representatives (agents) worldwide, and to millions of users through self-service applications designed to off-load contact center activity.

Jacada has over 1200 customers worldwide including many Fortune 1000 corporations and government organizations. Founded in 1990, Jacada operates globally with offices in Atlanta, Georgia; Herzliya, Israel; and London, England. Jacada can be reached at [www.jacada.com](http://www.jacada.com) or at 1-800-773-9574.

## JACADA LTD.

*This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future financial results and plans for future business development activities, and are prospective. These statements include all statements that are not statements of historical fact and consists of those regarding intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) the Company's financing plans; (ii) trends affecting the Company's financial condition or results of operations; and (iii) the Company's growth strategy and operating strategy (including the development of its products and services). The words "may," "could," "would," "will," "believe," "anticipate," "estimate," "expect," "intend," "plan," and similar expressions or variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of the future performance and involve risks and uncertainties, many of which are beyond the Company's ability to control. Actual results may differ materially from those projected in the forward-looking statements as a result of various factors including the performance and continued acceptance of our products, general economic conditions and other Risk Factors specifically identified in our reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statement for events or circumstances after the date on which such statement is made. The Company cannot assess the impact of or the extent to which any single factor or risk, or combination of them, may cause. For a more complete discussion of risk factors, please see the Company's Form 20-F and other Statements filed with the Securities and Exchange Commission.*

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**CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands

	<b>September 30, 2005</b>	<b>December 31, 2004</b>
	<b>Unaudited</b>	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,942	\$ 3,552
Marketable securities	15,934	19,573
Trade receivables (net of allowance for doubtful accounts of \$ 229 and \$ 163 at September 30, 2005 and December 31, 2004, respectively)	1,598	2,472
Other current assets	894	791
<u>Total</u> current assets	<u>21,368</u>	<u>26,388</u>
<b>LONG-TERM INVESTMENTS:</b>		
Marketable securities	18,150	14,488
Severance pay fund	767	969
<u>Total</u> long-term investments	<u>18,917</u>	<u>15,457</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>1,034</u>	<u>1,326</u>
<b>OTHER ASSETS, NET:</b>		
Other intangibles	1,077	1,429
Goodwill	4,630	4,630
<u>Total</u> other assets, net	<u>5,707</u>	<u>6,059</u>
<u>Total</u> assets	<u>\$ 47,026</u>	<u>\$ 49,230</u>

**CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands, except share and per share data

	<u>September 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
	<u>Unaudited</u>	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 1,000	\$ 1,024
Deferred revenues	6,447	3,822
Accrued expenses and other liabilities	<u>3,632</u>	<u>3,816</u>
<u>Total</u> current liabilities	<u>11,079</u>	<u>8,662</u>
ACCRUED SEVERANCE PAY	<u>1,206</u>	<u>1,479</u>
SHAREHOLDERS' EQUITY:		
Share capital:		
Ordinary shares of NIS 0.01 par value: Authorized: 30,000,000 shares as of September 30, 2005 and December 31, 2004; Issued and outstanding: 19,576,684 and 19,326,010 shares as of September 30, 2005 and December 31, 2004, respectively	57	56
Additional paid-in capital	70,209	69,785
Accumulated other comprehensive loss	(421)	(200)
Accumulated deficit	<u>(35,104)</u>	<u>(30,552)</u>
<u>Total</u> shareholders' equity	<u>34,741</u>	<u>39,089</u>
	<u>\$ 47,026</u>	<u>\$ 49,230</u>

## CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except share and per share data

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2005	2004	2005	2004	2004
	Unaudited				
Revenues:					
Software and products	\$ 4,846	\$ 3,990	\$ 1,998	\$ 1,356	\$ 5,749
Services	3,059	4,389	1,113	1,407	5,481
Maintenance	7,126	6,374	2,413	2,135	8,554
Total revenues	<u>15,031</u>	<u>14,753</u>	<u>5,524</u>	<u>4,898</u>	<u>19,784</u>
Cost of revenues:					
Software and products	719	337	347	138	631
Services	2,186	2,636	674	839	3,341
Maintenance	663	852	197	298	1,143
Total cost of revenues	<u>3,568</u>	<u>3,825</u>	<u>1,218</u>	<u>1,275</u>	<u>5,115</u>
Gross profit	<u>11,463</u>	<u>10,928</u>	<u>4,306</u>	<u>3,623</u>	<u>14,669</u>
Operating expenses:					
Research and development	3,338	3,912	1,068	1,160	5,278
Sales and marketing	8,885	7,768	2,360	2,521	10,507
General and administrative	4,381	3,741	1,273	1,187	4,758
Restructuring and other	-	525	-	-	525
Total operating expenses	<u>16,604</u>	<u>15,946</u>	<u>4,701</u>	<u>4,868</u>	<u>21,068</u>
Operating loss	(5,141)	(5,018)	(395)	(1,245)	(6,399)
Financial income, net	<u>589</u>	<u>549</u>	<u>252</u>	<u>173</u>	<u>786</u>
Net loss	<u>\$ (4,552)</u>	<u>\$ (4,469)</u>	<u>\$ (143)</u>	<u>\$ (1,072)</u>	<u>\$ (5,613)</u>
Basic and diluted net loss per share	<u>\$ (0.23)</u>	<u>\$ (0.23)</u>	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>	<u>\$ (0.29)</u>
Weighted average number of shares used in computing basic and diluted net loss per share	<u>19,463,062</u>	<u>19,271,698</u>	<u>19,523,695</u>	<u>19,309,273</u>	<u>19,282,800</u>