



FOR IMMEDIATE RELEASE

RADCOM Reports First Quarter 2019 Results

- First quarter revenues of \$6 million
- Entered into a three-year contract with AT&T to continue the successful relationship
- Cash and cash equivalents and short-term bank deposits of \$56.8 million and no debt

TEL AVIV, Israel – May 7, 2019 – RADCOM Ltd. (NASDAQ: RDCM) today reported its financial results for the first guarter ended March 31, 2019.

"The year began with the signing of a 3-year agreement with AT&T which validates our close working relationship. We are encouraged by the ongoing trust they place in our advanced virtualized technology which we continue to develop, enhance, and deliver for their pioneering network transformation" commented Mr. Yaron Ravkaie, RADCOM's CEO. "We are reiterating our guidance of \$28-\$32 million for 2019 and continue to focus on delivering innovative solutions to our customers by investing in R&D and maintaining our position as the 'go to' assurance vendor of telco virtualization. We expect our continued product development will bear fruit when more operators are ready to move forward with their transition to NFV and begin their 5G rollouts."

First Quarter 2019 Financial Highlights:

- **Revenues:** Total revenues for the first quarter were \$6.0 million, down 45% compared to \$10.9 million in the first quarter of 2018.
- Net Income (loss): GAAP net loss for the period was \$3.1 million, or \$0.23 per diluted share, compared to GAAP net income of \$0.3 million, or \$0.02 per diluted share for the first quarter of 2018.
- Non-GAAP Net Income (loss): Non-GAAP net loss for the period was \$2.7 million, or \$0.20 per diluted share, compared to non-GAAP net income of \$1.0 million, or \$0.07 per diluted share for the first quarter of 2018.
- **Balance sheet:** As of March 31, 2019, the Company had cash and cash equivalents and short-term bank deposits of \$56.8 million and no debt.

Earnings Conference Call

RADCOM's management will hold an interactive conference call today at 8:00 AM Eastern Daylight Time (3:00 PM Israel Daylight Time) to discuss the results and to answer participants' questions. To join the call, please call one of the following numbers approximately five minutes before the call is scheduled to begin:

From the US (toll-free): +1-888- 668-9141

From other locations: +972-3-918-0610

For those unable to listen to the call at the time, a replay will be available from May 8th on RADCOM's website.

##

For all investor enquiries, please contact:

Investor Relations: Miri Segal MS-IR LLC 917-607-8654 msegal@ms-ir.com

Company Contact: Amir Hai

CFO +972-77-774-5011 amir.hai@radcom.com

About RADCOM

RADCOM (NASDAQ: RDCM) is the leading expert in cloud-native Network Intelligence for telecom operators transitioning to SDN/NFV. Providing a critical first step in an operator's NFV transformation, RADCOM's Network Intelligence delivers end-to-end network visibility from virtual tapping point to network insights. Comprised of RADCOM Service Assurance, RADCOM Network Visibility, and RADCOM Network Insights, RADCOM's Network Intelligence portfolio provides operators with complete visibility across their virtual and hybrid networks. RADCOM Network Intelligence is automated, cost-efficient, and provides on-demand functionality that is specifically designed for the needs of telecom operators. RADCOM specializes in assuring next-generation, high capacity networks, including LTE, Advanced-LTE, 5G, IMS, SDN/NFV and others. For more information on how to RADCOMize your network, today, please visit <u>www.radcom.com</u>, the content of which does not form a part of this press release.

Non-GAAP Information

Certain non-GAAP financial measures are included in this press release. These non-GAAP financial measures are provided to enhance the reader's overall understanding of the Company's financial performance. By excluding non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718, the Company's non-GAAP results provide information to both management and investors that is useful in assessing the Company's core operating performance and in evaluating and comparing the Company's results of operations on a consistent basis from period to period. These non-GAAP financial measures are also used by management to evaluate financial results and to plan and forecast future periods. The presentation of this additional information is not meant to be considered a substitute for the corresponding financial measures prepared in accordance with GAAP.

Risks Regarding Forward-Looking Statements

Certain statements made herein that use words such as "estimate," "project," "intend," "expect," "believe," "may," "might," "predict," "potential," "anticipate," "plan" or similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act

of 1995 and other securities laws. For example, when the Company discusses its continued investment in technology to meet the needs of its clients, the expected role of NFV and the Company's solutions in 5G networks, the Company's technological leadership or industry recognition, the Company's pipeline of opportunities, and its revenue guidance, it is using forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from those that may be expressed or implied by such statements, including, among others, changes in general economic and business conditions and specifically, decline in the demand for the Company's products, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on prices resulting from competition. For additional information regarding these and other risks and uncertainties associated with the Company's business, reference is made to the Company's reports filed from time to time with the U.S. Securities and Exchange Commission. The Company does not undertake to revise or update any forward-looking statements for any reason.

RADCOM LTD. Consolidated Statements of Operations Unaudited

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

| | Three months ended March 31, | |
|--|---------------------------------|------------|
| | 2019 | 2018 |
| Revenues | \$ 6,046 | \$ 10,903 |
| Cost of revenues | 1,837 | 2,890 |
| Gross profit | 4,209 | 8,013 |
| Research and development, gross | 4,645 | 3,744 |
| Less - royalty-bearing participation | 404 | |
| Research and development, net | 4,241 | 3,744 |
| Sales and marketing | 2,446 | 3,240 |
| General and administrative | 797 | 998 |
| Total operating expenses | 7,484 | 7,982 |
| Operating income (loss) | (3,275) | 31 |
| Financial income, net | 140 | 302 |
| Income (loss) before taxes on income | (3,135) | 333 |
| Taxes on income | (9) | (11) |
| Net income (loss) | \$ (3,144) | \$ 322 |
| Basic net income (loss) per ordinary share | \$ (0.23) | \$ 0.02 |
| Diluted net income (loss) per ordinary share | \$ (0.23) | \$ 0.02 |
| Weighted average number of ordinary shares used in computing basic net income (loss) per ordinary share | 13,749,528 | 13,498,100 |
| Weighted average number of ordinary shares used in computing diluted net income (loss) per ordinary share | 13,749,528 | 13,785,938 |

RADCOM LTD. RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION Unaudited

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

| | | Three months ended March 31, | |
|---|-------------------|---------------------------------|--------------|
| | 2019 | 201 | 8 |
| GAAP gross profit | \$ 4,209 | \$ | 8,013 |
| Stock-based compensation | 29 | | 40 |
| Non-GAAP gross profit | \$ 4,238 | \$ | 8,053 |
| GAAP Research and development, net Stock-based compensation | \$ 4,241 178 | \$ | 3,744 208 |
| Non-GAAP Research and development, net | \$ 4,063 | \$ | 3,536 |
| GAAP sales and marketing Stock-based compensation | \$ 2,446 146 | \$ | 3,240 229 |
| Non-GAAP sales and marketing | \$ 2,300 | \$ | 3,011 |
| GAAP general and administrative Stock-based compensation | \$ 797 87 | \$ | 998 199 |
| Non-GAAP general and administrative | \$ 710 | \$ | 799 |
| GAAP total operating expenses Stock-based compensation | \$ 7,484 411 | \$ | 7,982 636 |
| Non-GAAP total operating expenses | \$ 7,073 | \$ | 7,346 |
| GAAP operating income (loss) Stock-based compensation | \$ (3,275) 440 | \$ | 31 676 |
| Non-GAAP operating income (loss) | \$ (2,835) | \$ | 707 |
| GAAP income (loss) before taxes on income Stock-based compensation | \$ (3,135) | \$ | 333 676 |
| Non-GAAP income (loss) before taxes on income | \$ (2,695) | \$ | 1,009 |
| GAAP net income (loss) Stock-based compensation | \$ (3,144) 440 | \$ | 322 676 |
| Non-GAAP net income (loss) | \$ (2,704) | \$ | 998 |
| GAAP net income (loss) per diluted share Stock-based compensation | \$ (0.23) 0.03 | \$ | 0.02 0.05 |
| Non-GAAP net income (loss) per diluted share | \$ (0.20) | \$ | 0.07 |

Weighted average number of shares used to compute diluted net income (loss) per share 13,749,528 13,785,938

RADCOM Ltd. Consolidated Balance Sheets

(thousands of U.S. dollars)

| March 31, 2019December 31, 2018Current Assets Cash and eash equivalents Short-term bank deposits Trade receivables, net 1.x86\$ 15,579 2.2,381\$ 61,988 41,210 2.2,255Total Current Assets\$ 15,579 2.2,381\$ 61,988 2.2,385Other receivables, net 1.x86622,455 2.0,381 1.x86620,381 1.2,559Total Current Assets\$ 11,551 2.2,667\$ 44,251 2.2,667Other receivables379 3.4663.083 2.967Other long-term receivables379 3.4663.468 3.083Property and equipment, net1.794 1.8321.832 3.667.8 3.677.8 3.667.8 3.677.8Total Assets\$ 92,385 2.677.8\$ 89,531 2.667.8 3.667.8Liabilities and Shareholders' Equity\$ 1.555 2.066 2.038\$ 1.555 2.2281Current Liabilities Deferred revenue Deferred revenue 2.038 2.038\$ 1.555 2.2281\$ 1.556 2.0238Total Current Liabilities Deferred revenue Deferred revenue Deferred revenue 2.038 2.0381.056 2.2281Total Labilities Deferred revenue Deferred revenue Accured severance pay 3.562 3.4251.051 3.525Total Labilities Deferred revenue Accured severance pay 3.562 3.4251.051Shareholders' Equity Share capital Additional paid-in capital Accured setal other c | (thousands of C | As of | As of |
|--|--|-----------------------|--------------------|
| Current AssetsS15,579S61,988Cash and cash equivalentsShort-term bank deposits $22,455$ 20,381Trade receivables, net $22,455$ 20,381Inventories 321 2251Other receivables $1,886$ $1,766$ Total Current Assets $81,451$ $84,386$ Severance pay fund $3,083$ 2.967 Other long-term receivables 379 346 Property and equipment, net $1,794$ $1,832$ Operating lease right-of-use assets $5,678$ $-$ Total AssetsS $92,385$ SBablities and Shareholders' Equity 206 266 Employee and payroll accruals $3,343$ $3,420$ Operating lease liabilities $1,156$ $-$ Other payables and accrued expenses $2,038$ $2,2281$ Total Current Liabilities $8,278$ $7,526$ Long-Term Liabilities $3,562$ $3,425$ Operating lease liabilities $1,071$ 100 Accrued severance pay $3,562$ $3,425$ Total Long-Term Liabilities $8,350$ $3,525$ Total Long-Term Liabilities 5 $16,628$ 5 Share capital 5 644 5 Additional paid-in capital $36,44$ 5 643 Additional paid-in capital $136,169$ $135,730$ Accumulated other comprehensive loss $(2,631)$ $(2,612)$ Accumulated deficit $(2,631)$ $(2,612)$ Adextonel paid-in capital | | March 31, | December 31, |
| Cash and cash equivalents \$ $15,579$ \$ $61,988$ Short-term bank deposits $41,210$ - - Trade receivables, net $22,455$ $20,381$ Inventories 321 251 Other receivables $1,886$ $1,766$ Total Current Assets $81,451$ $84,386$ Severance pay fund $3,083$ $2,967$ Other long-term receivables 379 346 Property and equipment, net $1,794$ $1,832$ Operating lease right-of-use assets $5,678$ - Total Assets $$$ $92,385$ $$$ Liabilities and Shareholders' Equity Total Assets $$$ $92,385$ $$$ Current Liabilities $$$ $$$ $$$ $$$ $$$ Operating lease liabilities $$$ $$$ $$$ $$$ $$$ Operating lease liabilities $$$ $$$ $$$ $$$ $$$ Operating lease liabilities $$$ $$$ $$$ $$$ $$$ Defered revenue 107 <t< th=""><th></th><th>(unaudited)</th><th></th></t<> | | (unaudited) | |
| Inventories 321 251 Other receivables $1,886$ $1,766$ Total Current Assets $81,451$ $84,386$ Severance pay fund $3,083$ $2,967$ Other long-term receivables 379 346 Property and equipment, net $1,794$ $1,832$ Operating lease right-of-use assets $5,678$ -Total Assets 5 $92,385$ $89,531$ Liabilities 5 $92,385$ $89,531$ Liabilities 5 $1,559$ 206 Employee and payroll accruals $3,343$ $3,420$ Operating lease liabilities $2,038$ $2,281$ Total Current Liabilities $8,278$ $7,526$ Long-Term Liabilities $8,278$ $7,526$ Deferred revenue 107 100 Accrued severance pay $3,562$ $3,425$ Operating lease liabilities $4,681$ -Total Long-Term Liabilities $8,350$ $3,525$ Total Liabilities 5 $16,628$ 5 Intal Liabilities 5 $16,628$ 5 Total Liabilities 5 644 5 Share colital 5 644 5 Additional paid-in capital 5 644 5 Additional paid-in capital 5 644 5 Additional paid-in capital 633 $135,150$ Accurualted deficit $(55,281)$ $(55,281)$ Total Shareholders' Equity $75,757$ $78,480$ | Cash and cash equivalents Short-term bank deposits | 41,210 | - |
| Severance pay fund $3,083$ 2.967 Other long-term receivables 379 346 Property and equipment, net $1,794$ $1,832$ Operating lease right-of-use assets $5,678$ $-$ Total Assets $$92,385$ $$89,531$ Liabilities and Shareholders' Equity $$206$ 266 Current Liabilities $$2,066$ 266 Employee and payroll accruals $$2,038$ $$2,281$ Other payables and accrued expenses $$2,038$ $$2,281$ Total Current Liabilities $$2,278$ $$7,526$ Long-Term Liabilities $$8,278$ $$7,526$ Long-Term Liabilities $$3,342$ $$3,420$ Deferred revenue 107 100 Accrued severance pay $$3,562$ $$3,425$ Operating lease liabilities $$8,350$ $$3,525$ Total Long-Term Liabilities $$8,350$ $$3,525$ Total Long-Term Liabilities $$5$ $16,628$ $$11,051$ Shareholders' Equity $$5$ $$644$ $$643$ Additional paid-in capital $$644$ $$643$ $$643$ Additional paid-in capital $$2,612$ $$(2,612)$ $$(2,612)$ Accumulated deficit $$2,527$ $$7,527$ $$7,8480$ | Inventories | 321 | 251 |
| Other long-term receivables 379 346 Property and equipment, net 1.794 1.832 Operating lease right-of-use assets 5.678 $-$ Total Assets $$92,385$ $$89,531$ Liabilities and Shareholders' Equity $$206$ 2.678 Current Liabilities $$206$ 2.66 Employee and payroll accruals $3,343$ $3,420$ Operating lease liabilities $$1,156$ $-$ Other payables and accrued expenses 2.038 2.281 Total Current Liabilities $$8,278$ $7,526$ Long-Term Liabilities $$107$ 100 Deferred revenue $$107$ 100 Accrued severance pay $$3,562$ $$3,425$ Operating lease liabilities $$107$ 100 Accrued severance pay $$3,562$ $$3,425$ Operating lease liabilities $$107$ 100 Accrued severance pay $$3,562$ $$3,425$ Operating lease liabilities $$107$ 100 Accrue the comprehensive loss $$2,631$ $$2,644$ $$643$ Additional paid-in capital $$3,664$ $$643$ $$644$ $$643$ Additional paid-in capital $$3,664$ $$643$ $$136,169$ $$135,730$ Charles the comprehensive loss $$2,652$ $$(2,612)$ $$(55,281)$ Total Shareholders' Equity $$75,757$ $$78,480$ | Total Current Assets | 81,451 | 84,386 |
| Property and equipment, net $1,794$ $1,832$ Operating lease right-of-use assets $5,678$ $-$ Total Assets\$ 92,385\$ 89,531Liabilities and Shareholders' Equity S $1,535$ \$ 1,559Deferred revenue 206 266 Employee and payroll accruals $3,343$ $3,420$ Other payables and accrued expenses $2,038$ $2,281$ Total Current Liabilities $8,278$ $7,526$ Long-Term Liabilities $8,278$ $7,526$ Deferred revenue 107 100 Accrued severance pay $3,562$ $3,425$ Operating lease liabilities $4,681$ $-$ Total Long-Term Liabilities $8,350$ $3,525$ Total Long-Term Liabilities $$ 16,628$ $$ 11,051$ Share holders' Equity $$ 644$ $$ 643$ Additional paid-in capital $$ 644$ $$ 643$ Additional paid-in capital $$ (2,631)$ $(2,612)$ Accumulated other comprehensive loss $(2,631)$ $(2,612)$ Cotal Shareholders' Equity $75,757$ $78,480$ | Severance pay fund | 3,083 | 2,967 |
| Operating lease right-of-use assets $5,678$ $-$ Total Assets\$ 92,385\$ 89,531Liabilities and Shareholders' Equity $1,535$ \$ 1,559Current Liabilities\$ 1,535\$ 1,559Deferred revenue 206 266 Employee and payroll accruals $3,343$ $3,420$ Operating lease liabilities $1,156$ $-$ Other payables and accrued expenses $2,038$ $2,281$ Total Current Liabilities $8,278$ $7,526$ Long-Term Liabilities $4,681$ $-$ Deferred revenue 107 100 Accrued severance pay $3,562$ $3,425$ Operating lease liabilities $8,350$ $3,525$ Total Long-Term Liabilities $8,350$ $3,525$ Total Long-Term Liabilities\$ 16,628\$ 11,051Shareholders' Equity\$ 644\$ 643Additional paid-in capital $3,562$ $3,730$ Accumulated other comprehensive loss $(2,631)$ $(2,612)$ Accumulated deficit $(58,425)$ $(55,281)$ Total Shareholders' Equity $75,757$ $78,480$ | Other long-term receivables | 379 | 346 |
| Total Assets\$92,385\$89,531Liabilities and Shareholders' EquityCurrent LiabilitiesTrade payables\$1,535\$1,559Deferred revenue206266Employee and payroll accruals3,3433,420Operating lease liabilities1,156-Other payables and accrued expenses2,0382,281Total Current Liabilities8,2787,526Long-Term Liabilities107100Accrued severance pay3,5623,425Operating lease liabilities4,681-Total Long-Term Liabilities8,3503,525Total Long-Term Liabilities\$16,628\$Shareholders' Equity\$644\$Share capital136,169135,730Accumulated other comprehensive loss(2,631)(2,612)Accumulated deficit(58,425)(55,281)Total Shareholders' Equity75,75778,480 | Property and equipment, net | 1,794 | 1,832 |
| Liabilities and Shareholders' EquityCurrent LiabilitiesTrade payables\$ 1,535\$ 1,559Deferred revenue206266Employee and payroll accruals3,3433,420Operating lease liabilities $1,156$ -Other payables and accrued expenses $2,038$ $2,281$ Total Current Liabilities $8,278$ $7,526$ Long-Term Liabilities $8,278$ $7,526$ Long-Term Liabilities $4,681$ -Deferred revenue107100Accrued severance pay $3,562$ $3,425$ Operating lease liabilities $8,350$ $3,525$ Total Long-Term Liabilities $8,350$ $3,525$ Total Long-Term Liabilities\$ 16,628\$ 11,051Shareholders' Equity\$ 644\$ 643Additional paid-in capital136,169135,730Accumulated other comprehensive loss(2,631)(2,612)Accumulated deficit(58,425)(55,281)Total Shareholders' Equity75,75778,480 | Operating lease right-of-use assets | 5,678 | |
| Current Liabilities $\$$ $\$$ $1,535$ $\$$ $1,559$ Deferred revenue 206 266 Employee and payroll accruals $3,343$ $3,420$ Operating lease liabilities $1,156$ $-$ Other payables and accrued expenses $2,038$ $2,281$ Total Current Liabilities $\$,278$ $7,526$ Long-Term Liabilities $\$,278$ $7,526$ Long-Term Liabilities $\$,278$ $7,526$ Long-Term Liabilities $\$,278$ $7,526$ Long-Term Liabilities $\$,350$ $3,562$ Operating lease liabilities $4,681$ $-$ Total Long-Term Liabilities $\$,350$ $3,525$ Total Long-Term Liabilities $\$,644$ $\$,643$ Additional paid-in capital $136,169$ $135,730$ Accumulated other comprehensive loss $(2,631)$ $(2,612)$ Accumulated deficit $(58,425)$ $(55,281)$ Total Shareholders' Equity $75,757$ $78,480$ | Total Assets | \$ 92,385 | \$ 89,531 |
| Trade payables\$1,535\$1,559Deferred revenue206266Employee and payroll accruals3,3433,420Operating lease liabilities1,156-Other payables and accrued expenses2,0382,281Total Current Liabilities $8,278$ 7,526Long-Term Liabilities $8,278$ 7,526Deferred revenue107100Accrued severance pay3,5623,425Operating lease liabilities $4,681$ -Total Long-Term Liabilities $8,350$ $3,525$ Total Long-Term Liabilities $\$,350$ $3,525$ Total Liabilities $\$,350$ $3,525$ Total Liabilities $\$,644$ $$643$ Additional paid-in capital $136,169$ $135,730$ Accumulated other comprehensive loss $(2,631)$ $(2,612)$ Accumulated deficit $(58,425)$ $(55,281)$ Total Shareholders' Equity $75,757$ $78,480$ | Liabilities and Shareholders' Equity | | |
| Long-Term LiabilitiesDeferred revenue107Accrued severance pay3,562Operating lease liabilities4,681Total Long-Term Liabilities8,350Shareholders' Equity\$Share capital\$Additional paid-in capital136,169Accumulated other comprehensive loss(2,631)Accumulated deficit(58,425)Total Shareholders' EquityAccumulated deficitTotal Shareholders' EquityAccumulated deficitTotal Shareholders' EquityAccumulated deficitAccumulated deficitAccumulated deficitTotal Shareholders' EquityTotal Shareholders' Equity75,75778,480 | Trade payables Deferred revenue Employee and payroll accruals Operating lease liabilities | 206 3,343 1,156 | 266 3,420 |
| Deferred revenue107100Accrued severance pay $3,562$ $3,425$ Operating lease liabilities $4,681$ -Total Long-Term Liabilities $8,350$ $3,525$ Total Liabilities $\$$ $16,628$ $\$$ Shareholders' Equity $\$$ 644 $\$$ Share capital $\$$ 644 $\$$ Additional paid-in capital $136,169$ $135,730$ Accumulated other comprehensive loss $(2,631)$ $(2,612)$ Accumulated deficit $(58,425)$ $(55,281)$ Total Shareholders' Equity $75,757$ $78,480$ | Total Current Liabilities | 8,278 | 7,526 |
| Total Liabilities \$ 16,628 \$ 11,051 Shareholders' Equity \$ 644 \$ 643 Share capital \$ 644 \$ 643 Additional paid-in capital 136,169 135,730 Accumulated other comprehensive loss (2,631) (2,612) Accumulated deficit (58,425) (55,281) Total Shareholders' Equity 75,757 78,480 | Deferred revenue Accrued severance pay | 3,562 | 3,425 |
| Shareholders' Equity Share capital \$ 644 \$ 643 Additional paid-in capital 136,169 135,730 Accumulated other comprehensive loss (2,631) (2,612) Accumulated deficit (58,425) (55,281) Total Shareholders' Equity 75,757 78,480 | Total Long-Term Liabilities | 8,350 | 3,525 |
| Share capital \$ 644 \$ 643 Additional paid-in capital 136,169 135,730 Accumulated other comprehensive loss (2,631) (2,612) Accumulated deficit (58,425) (55,281) Total Shareholders' Equity 75,757 78,480 | Total Liabilities | \$ 16,628 | \$ 11,051 |
| | Share capital Additional paid-in capital Accumulated other comprehensive loss | 136,169 (2,631) | 135,730 (2,612) |
| Total Liabilities and Shareholders' Equity\$ 92,385\$ 89,531 | Total Shareholders' Equity | 75,757 | 78,480 |
| | Total Liabilities and Shareholders' Equity | \$ 92,385 | \$ 89,531 |