
FOR IMMEDIATE RELEASE

RADCOM Reports Fourth Quarter and Full Year 2019 Results

- Full year revenues of \$33.0 million; fourth quarter revenues of \$9.0 million
- Cash, cash equivalents and short-term bank deposits of \$69.3 million and no debt
- 2020 revenue guidance range of \$35-\$38 million

TEL AVIV, Israel, Feb. 13, 2020 /PRNewswire/ -- **RADCOM Ltd.** (Nasdaq: RDCM) today reported its financial results for the fourth quarter and full year ended December 31, 2019.

"We concluded 2019 with a solid quarter, reaching the high end of our guidance and achieving full year revenue of \$33 million. During the year, we expanded our client base into Japan and Russia and invested significantly in R&D to enhance our 5G solutions. This investment will allow us to innovate and deliver real value for operators looking to deploy assurance solutions at the early stages of 5G. We are already pursuing several opportunities for 5G implementations and expect more opportunities to develop as operators ramp up investment in 5G deployments during 2020," commented Eyal Harari, RADCOM's CEO.

"Our recent customer engagements align with our strategy of entering into multi-year contracts with recurring revenues and provide us with good visibility into the coming year. Considering our good visibility into 2020, we are providing annual revenue guidance of \$35-\$38 million."

Fourth Quarter 2019 Financial Highlights:

- **Revenues:** Total revenues for the fourth quarter were \$9.0 million, compared to \$4.0 million in the fourth quarter of 2018.
- **Net Income (loss):** Total revenues for the fourth quarter were \$9.0 million, compared to \$4.0 million in the fourth quarter of 2018.
- **Non-GAAP Net Income (loss):** Total revenues for the fourth quarter were \$9.0 million, compared to \$4.0 million in the fourth quarter of 2018.
- **Balance sheet:** Total revenues for the fourth quarter were \$9.0 million, compared to \$4.0 million in the fourth quarter of 2018.

Full year 2019 Financial Highlights

- **Revenues:** Total revenues for the full year were \$33.0 million, compared to \$34.1 million for the full year 2018.
- **Net Income (loss):** GAAP net loss for the period was \$6.8 million, or \$0.50 per diluted share, compared to GAAP net loss of \$2.4 million, or \$0.18 per diluted share for the full year 2018.
- **Non-GAAP Net Income (loss):** Non-GAAP net loss for the period was \$4.6 million, or \$0.33 per diluted share, compared to non-GAAP net loss of \$0.3 million, or \$0.02 per diluted share for the full year 2018.

Earnings Conference Call

RADCOM's management will hold an interactive conference call today at 8:00 AM Eastern Standard Time (3:00 PM Israel Standard 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: +972-3-918-0609

For those unable to listen to the call at the time, a replay will be available from February 14th on RADCOM's website

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About RADCOM

RADCOM (Nasdaq: RDCM) is the leading expert in cloud-native, container-based network intelligence solutions for telecom operators transitioning to NFV and 5G. Powered by RADCOM's patented I.C.O.N technology, the RADCOM Network Intelligence suite delivers Intelligent, Container-based, On-demand, Network Analysis from the RAN to the Core for 5G assurance, utilizing automated and dynamic solutions with smart minimal data collection and on-demand troubleshooting. RADCOM Network Intelligence consists of RADCOM Network Visibility, RADCOM Service Assurance, and RADCOM Network Insights. Utilizing cutting edge technology such as AI and machine learning, these solutions work in harmony to provide operators an understanding of the entire customer experience and allow them to troubleshoot network performance from a high to granular level while reducing storage costs and cloud resource utilization. For more information on how to RADCOMize your network today, please visit www.radcom.com, 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 intended investment in technology and R&D, maintaining technological leadership and delivering real value for early adopters, the expected roll out of 5G networks and 5G network use cases, the Company's strategy of entering into multi-year contracts with recurring revenues, market position, visibility and 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
(thousands of U.S. dollars, except share and per share data)

| | Three months ended December 31, | | Twelve months ended December 31, | |
|--|------------------------------------|----------------------------|-------------------------------------|----------------------------|
| | 2019 <u>(unaudited)</u> | 2018 <u>(unaudited)</u> | 2019 <u>(unaudited)</u> | 2018 <u>(unaudited)</u> |
| Revenues | \$ 9,029 | \$ 3,989 | \$ 33,010 | \$ 34,050 |
| Cost of revenues | 2,643 | 1,439 | 9,917 | 8,866 |
| Gross profit | 6,386 | 2,550 | 23,093 | 25,184 |
| Research and development, gross | 4,657 | 4,074 | 18,578 | 15,503 |
| Less - royalty-bearing participation | 425 | 366 | 1,838 | 1,648 |
| Research and development, net | 4,232 | 3,708 | 16,740 | 13,855 |
| Sales and marketing | 2,693 | 2,701 | 10,514 | 11,426 |
| General and administrative | 963 | 744 | 3,674 | 3,391 |
| Total operating expenses | 7,888 | 7,153 | 30,928 | 28,672 |
| Operating loss | (1,502) | (4,603) | (7,835) | (3,488) |
| Financial income, net | 474 | 481 | 1,172 | 1,136 |
| Loss before taxes on income | (1,028) | (4,122) | (6,663) | (2,352) |
| Taxes on income | (64) | (6) | (169) | (63) |
| Net loss | <u>\$ (1,092)</u> | <u>\$ (4,128)</u> | <u>\$ (6,832)</u> | <u>\$ (2,415)</u> |
| Basic and diluted net loss per ordinary share | <u>\$ (0.08)</u> | <u>\$ (0.30)</u> | <u>\$ (0.50)</u> | <u>\$ (0.18)</u> |
| Weighted average number of ordinary shares used in computing basic and diluted net loss per ordinary share | <u>13,809,258</u> | <u>13,719,649</u> | <u>13,779,885</u> | <u>13,630,793</u> |

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 December 31, | | Twelve months ended December 31, | |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| GAAP gross profit | \$ 6,386 | \$ 2,550 | \$ 23,093 | \$ 25,184 |
| Stock-based compensation | 48 | 10 | 204 | 112 |
| Non-GAAP gross profit | <u>\$ 6,434</u> | <u>\$ 2,560</u> | <u>\$ 23,297</u> | <u>\$ 25,296</u> |
| GAAP research and development, net | \$ 4,232 | \$ 3,708 | \$ 16,740 | \$ 13,855 |
| Stock-based compensation | 161 | 187 | 729 | 808 |
| Non-GAAP research and development, net | <u>\$ 4,071</u> | <u>\$ 3,521</u> | <u>\$ 16,011</u> | <u>\$ 13,047</u> |
| GAAP sales and marketing | \$ 2,693 | \$ 2,701 | \$ 10,514 | \$ 11,426 |
| Stock-based compensation | 160 | 115 | 638 | 698 |
| Non-GAAP sales and marketing | <u>\$ 2,533</u> | <u>\$ 2,586</u> | <u>\$ 9,876</u> | <u>\$ 10,728</u> |
| GAAP general and administrative | \$ 963 | \$ 744 | \$ 3,674 | \$ 3,391 |
| Stock-based compensation | 222 | 101 | 657 | 503 |
| Non-GAAP general and administrative | <u>\$ 741</u> | <u>\$ 643</u> | <u>\$ 3,017</u> | <u>\$ 2,888</u> |
| GAAP total operating expenses | \$ 7,888 | \$ 7,153 | \$ 30,928 | \$ 28,672 |
| Stock-based compensation | 543 | 403 | 2,024 | 2,009 |
| Non-GAAP total operating expenses | <u>\$ 7,345</u> | <u>\$ 6,750</u> | <u>\$ 28,904</u> | <u>\$ 26,663</u> |
| GAAP operating loss | \$ (1,502) | \$ (4,603) | \$ (7,835) | \$ (3,488) |
| Stock-based compensation | 591 | 413 | 2,228 | 2,121 |
| Non-GAAP operating loss | <u>(911)</u> | <u>(4,190)</u> | <u>(5,607)</u> | <u>\$ (1,367)</u> |
| GAAP loss before taxes on income | \$ (1,028) | \$ (4,122) | \$ (6,663) | \$ (2,352) |
| Stock-based compensation | 591 | 413 | 2,228 | 2,121 |
| Non-GAAP loss before taxes on income | <u>\$ (437)</u> | <u>\$ (3,709)</u> | <u>\$ (4,435)</u> | <u>\$ (231)</u> |
| GAAP net loss | \$ (1,092) | \$ (4,128) | \$ (6,832) | \$ (2,415) |
| Stock-based compensation | 591 | 413 | 2,228 | 2,121 |
| Non-GAAP net loss | <u>\$ (501)</u> | <u>\$ (3,715)</u> | <u>\$ (4,604)</u> | <u>\$ (294)</u> |
| GAAP net loss per diluted share | \$ (0.08) | \$ (0.30) | \$ (0.50) | \$ (0.18) |
| Stock-based compensation | 0.04 | 0.03 | 0.17 | 0.16 |
| Non-GAAP net loss per diluted share | <u>\$ (0.04)</u> | <u>\$ (0.27)</u> | <u>\$ (0.33)</u> | <u>\$ (0.02)</u> |
| Weighted average number of shares used to compute diluted net loss per share | <u>13,809,258</u> | <u>13,719,649</u> | <u>13,779,885</u> | <u>13,630,793</u> |

RADCOM Ltd.

Consolidated Balance Sheets

(thousands of U.S. dollars)

| | As of December 31, 2019 <u>(unaudited)</u> | As of December 31, 2018 |
|---|---|-------------------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 6,201 | \$ 61,988 |
| Short-term bank deposits | 63,080 | - |
| Trade receivables, net | 11,039 | 20,381 |
| Inventories | 1,356 | 251 |
| Other receivables | 1,536 | 1,766 |
| Total Current Assets | 83,212 | 84,386 |
| Non-Current Assets | | |
| Severance pay fund | 3,365 | 2,967 |
| Other long-term receivables | 2,314 | 346 |
| Property and equipment, net | 1,669 | 1,832 |
| Operating lease right-of-use assets | 5,842 | - |
| Total Non-Current Assets | 13,190 | 5,145 |
| Total Assets | \$ 96,402 | \$ 89,531 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities | | |
| Trade payables | \$ 2,452 | \$ 1,559 |
| Deferred revenues | 828 | 266 |
| Employee and payroll accruals | 4,132 | 3,420 |
| Operating lease liabilities | 1,263 | - |
| Other payables and accrued expenses | 4,050 | 2,281 |
| Total Current Liabilities | 12,725 | 7,526 |
| Non-Current Liabilities | | |
| Deferred revenues | 100 | 100 |
| Accrued severance pay | 3,904 | 3,425 |
| Operating lease liabilities | 4,967 | - |
| Other long-term liabilities | 836 | - |
| Total Non-Current Liabilities | 9,807 | 3,525 |
| Total Liabilities | \$ 22,532 | \$ 11,051 |
| Shareholders' Equity | | |
| Share capital | \$ 648 | \$ 643 |
| Additional paid-in capital | 137,969 | 135,730 |
| Accumulated other comprehensive loss | (2,634) | (2,612) |
| Accumulated deficit | (62,113) | (55,281) |
| Total Shareholders' Equity | 73,870 | 78,480 |
| Total Liabilities and Shareholders' Equity | \$ 96,402 | \$ 89,531 |