

# RADCOM Ltd. (RDCM) Corporate Overview

**RADCOM**IZE  
your NETWORK



# SAFE HARBOR

Certain statements herein contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements include, but are not limited to, those statements regarding expected revenues, industry and market conditions, the market potential for NFV, our sales investment and growth strategies, expansion into new geographical markets, growth objectives, assumptions or expectations as to any future events, conditions, performance or other matters. Forward-looking statements may be identified by terminology such as "may," "will," "could," "should," "expects," "plans," "anticipates," "believes," "intends," "estimates," "predicts," "potential," "opportunity" or "continue" or the negative of these terms or other comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or performance to differ materially from those projected. These statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. In addition, past financial or operating performance is not necessarily a reliable indicator of future performance and you should not use our historical performance to anticipate results or future period trends. The forward-looking statements contained herein are subject to risks and uncertainties, including those described herein under "Risk Factors" and in our most recent Annual Report on Form 20-F and in our other filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which that statement is made. We cannot guarantee future results, levels of activity, performance, achievements or that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. We do not undertake to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date hereof.

In this presentation, management will be referring to certain non-GAAP financial measures, which are provided to enhance overall understanding of the company's financial performance. By excluding certain non-cash charges, non-GAAP results provide information that is useful in assessing RADCOM's core operating performance, and in evaluating and comparing our results of operations on a consistent basis 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 which are included in the "Appendix" section.

Radcom Ltd. is an Israeli company whose shares are publicly traded, and the information contained in the presentation may constitute "Inside Information" pursuant to Israel's Securities Law and other applicable laws in any other jurisdiction. Making use of such information including, but not limited only to, carrying out a transaction in Radcom's securities and/or delivering this information to any third party who may use this information for purposes of such transaction, may constitute a criminal offence pursuant to the laws of the State of Israel and any other applicable jurisdiction.

This presentation does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this presentation may be distributed only to, and is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with equity in excess of NIS 50 million and qualified individuals, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors will be required to submit written confirmation that they meet the criteria for one of the categories of investors set forth in the Addendum.

# RADCOM: THE OPERATORS' EYES INTO THE NETWORK

NETWORK  
INTELLIGENCE

BIG DATA  
ANALYTICS

VIRTUAL  
PROBES



- RADCOM offers [cutting edge virtualized technology](#) for service assurance and customer experience management
  - Assure availability of mission-critical networks and services
  - Pro-actively identify and resolve network issues
  - Improve subscriber quality of experience
  - Reduce customer churn
  - Gain insights into encrypted traffic with machine learning
  - Accelerate deployment of new services and migration to NFV and 5G
  - Increase operational efficiency and lower CAPEX and OPEX costs
- [First-to-market](#) with disruptive virtualized technology and risk-free pricing model
- [Two top-tier operators](#) chose RADCOM's solution for their NFV transformation
  - [Selected by AT&T](#) for its pioneering NFV transformation
  - [Relationship with AT&T](#) been ongoing for ~3 years
  - Selected by [an additional world-leading top-tier operator](#) migrating to NFV
- Long-term relationships with other top-tier operators [such as Globe Telecom](#)
- [Engagement with other top-tier operators](#) evaluating NFV
- [Attractive growth](#) opportunities

RADCOM (Nasdaq: RDCM) | Founded: 1991 | Publicly traded since 1997

HQ: Tel Aviv, Israel | Offices & Representatives: USA, Brazil, Asia, Europe, India

# GLOBAL TELECOM TRENDS

## Need for NFV Transformation:

- Mobile data **explosion**
- Growing operational costs and **declining ARPUs**
- Operators need **digital transformation** (time to market for new technologies such as NFV, 5G)

The road to 5G is through the cloud



AR/VR

Holographic video conferencing



Autonomous cars

# MARKET IS TRANSITIONING TO NETWORK FUNCTION VIRTUALIZATION (NFV)

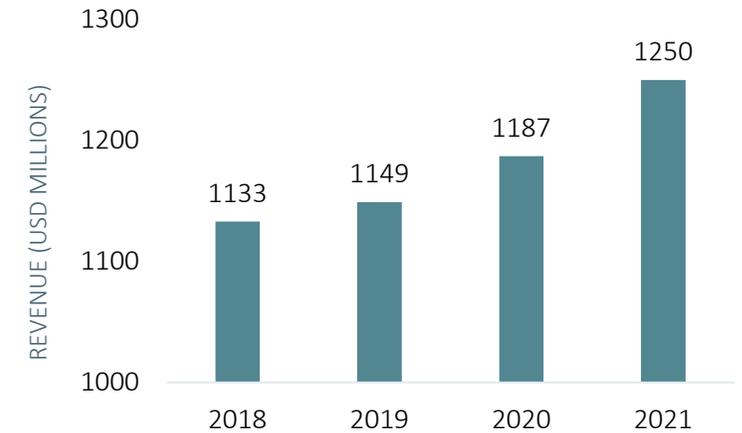
## OPERATORS FACE MANY CHALLENGES

- Rapid increase in mobile data leading to **capacity surges**
- **Growing operational costs** and declining ARPUs
- Ongoing **technology advancement**  
NFV, LTE, VoLTE, IoT and 5G
- **Increasing competition** within and outside the industry
- Surging **proprietary hardware costs**
- Increased subscriber flexibility **increasing churn**

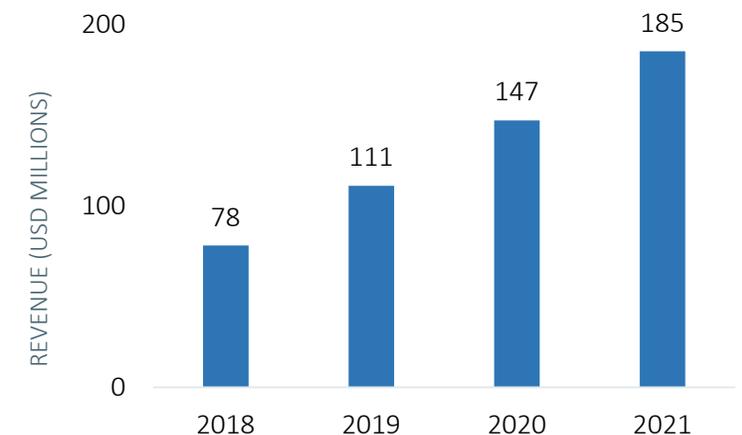
## BENEFITS OF NFV (SOFTWARE-CONTROLLED) NETWORKS

- **Flexible capacity management** to support increasing data traffic
- Increased scalability and lower operating costs through **NFV automation**
- **Accelerated time to market** for new services
- **Agility to launch** new high value revenue services
- **Reduced CAPEX and OPEX** by replacing proprietary with commodity hardware

PROBE-BASED SERVICE ASSURANCE REVENUE FORECAST, 2018-2021



SERVICE ASSURANCE REVENUE FORECAST FOR VIRTUAL/HYBRID NETWORKS, 2018-2021





**AT&T**

# AT&T SELECTED RADCOM FOR ITS INDUSTRY-LEADING NFV TRANSFORMATION

**RADCOMIZE**  
your NETWORK

*“We selected RADCOM because of its functional strengths, especially in virtualization, scalability, performance and efficiency.*

*We will use its software to deploy vProbes as virtual network functions running on the AT&T Integrated Cloud (AIC).”*

***AT&T Newsroom***

- AT&T is implementing what can be considered the most aggressive NFV transformation plan in the industry and have been in implementation and scaling to very high volumes since 2016.
- RADCOM has a strong and stable relationship with AT&T for the last ~three years
- As a result, RADCOM’s solution is mature and provides industry-leading NFV solutions. This has built up our portfolio and has given us invaluable knowledge and a significant competitive advantage

AT&T has generated significant follow on orders since announcement



# OPEN NETWORK AUTOMATION PLATFORM

ONAP and Open-O (two leading open source MANO efforts) merged into a single entity

- ECOMP merged with another leading MANO group - **Open-O** - to create the Open Network Automation Platform (ONAP) under the Linux Foundation (February, 23 2017)
- ONAP is the **engine that powers AT&T's software-centric network**
- **RADCOM** integrates with all key **ONAP** components
- **Multiple large-scale, real-word deployments of our VNF done by AT&T using ONAP**

## Selected ONAP members



*All trademarks are property of their respective owners.*

# RADCOM's JOURNEY WITH ANOTHER TOP-TIER OPERATOR

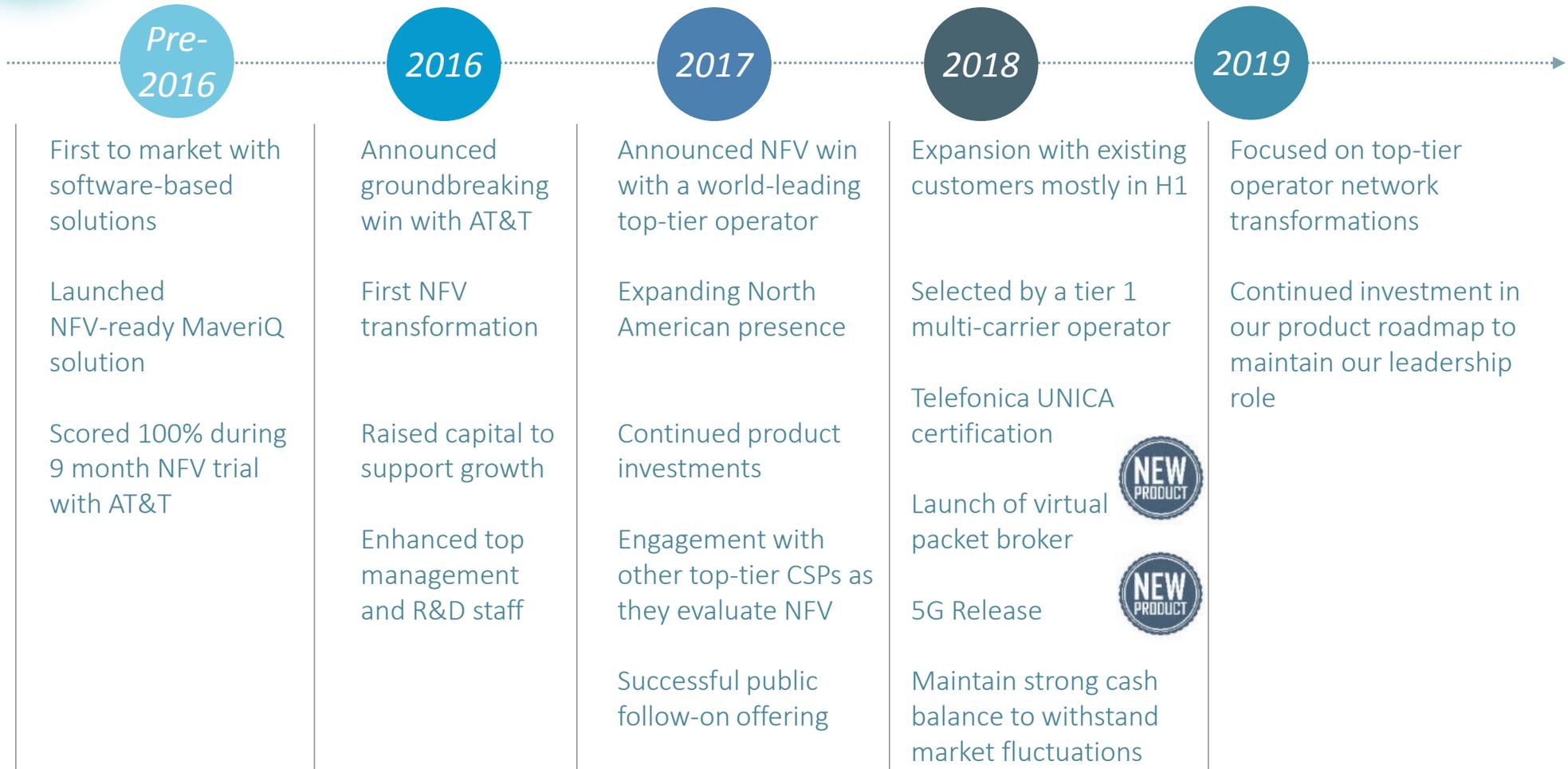
- Another world-leading top-tier operator selected RADCOM's NFV service assurance solution at the end of 2017
- Contract represents the first phase of their NFV migration
- RADCOM selected based on its cloud-native solution, domain expertise and proven success in real-world, large scale deployments
- Operator performed rigorous testing of RADCOM's solutions in a proof of concept earlier this year
- RADCOM has received over \$5 million in revenue during 2018 for this initial phase
- Due to the maturity of the product and virtualization experience gained with AT&T the project implementation was extremely efficient and rapid
- Contract provides framework for potential follow on orders and opportunity to expand into other parts of the network as the operator migrates to NFV
- Currently working together on future activities in this account





# FOCUSED ON TOP-TIER NETWORK TRANSFORMATIONS

First mover advantage with **top-tier customer wins** and real-world, large-scale deployments



# EXPANDING OUR TAM WITH A CLOUD-NATIVE NETWORK PACKET BROKER

First to market with RADCOM Network Visibility for telecom operators

## BENEFITS AND CAPABILITIES

- Provides 100% visibility of east-west, inter-VM traffic in the virtualized network
- Plays a critical role in retrieving data from the network and transmitting it to analytics and security tools
- Distributes and load balances to manage the network traffic overload; reducing bandwidth and network resources
- Saves costs in purchasing additional network analytics tools

Gartner estimates current market value is \$591 million, with continued 15% to 20% annual growth

Source: Gartner Market Guide for Network Packet Brokers, 2016



SERVICE ASSURANCE

NETWORK PACKET BROKER

NETWORK



# GO-TO-MARKET STRATEGY

- RADCOM has **scaled up North American** presence and is targeting **additional top-tier operators**
- **Expanded** in additional **developed** markets
- Special focus on **North America** and **Europe** NFV carriers
- Target the **network visibility market**
- Upsell to **legacy** accounts
- **Invest in direct salesforce** and technical support to drive future large wins and scale deployments
- Continued investment in **R&D resources** to leverage technology advantage

RADCOM's worldwide presence



# EXPERIENCED LEADERSHIP TEAM WITH EXTENSIVE DOMAIN KNOWLEDGE



**Heli Bennun**  
*Executive Chairwoman  
of the Board of Directors*

- 25+ years industry experience
- CEO and Co-Founder of Arel Communications
- CEO and Co-Founder of ArelNet



**Yaron Ravkaia**  
*CEO*

- 25+ years industry experience
- Prior leadership roles at Amdocs (Nasdaq: DOX) and RRMedia (Nasdaq: RRM)
- Previously served as President of the AT&T division at Amdocs with a \$1B P&L



**Amir Hai**  
*CFO*

- 15+ years experience as a CFO
- Previously, CFO at Shamir Optical Industry, Valor Computerized Systems, Bermad CS and several other publicly traded multinational companies
- BA degree in accounting and management



**Eyal Harari**  
*CEO, RADCOM, Inc*

- 15+ years experience at RADCOM
- Led the transition to MaveriQ, RADCOM's software-based platform



**Rami Amit**  
*CTO*

- 25+ years industry experience
- Previously Director of Engineering, Cisco's NFV BU
- At Cisco's NFV BU was instrumental in the company's transition to virtualization and application delivery in the Broadband market

# FINANCIAL HIGHLIGHTS

## Revenue

2015 - \$18.7M    2016 - \$29.5M    2017 - \$37.2M

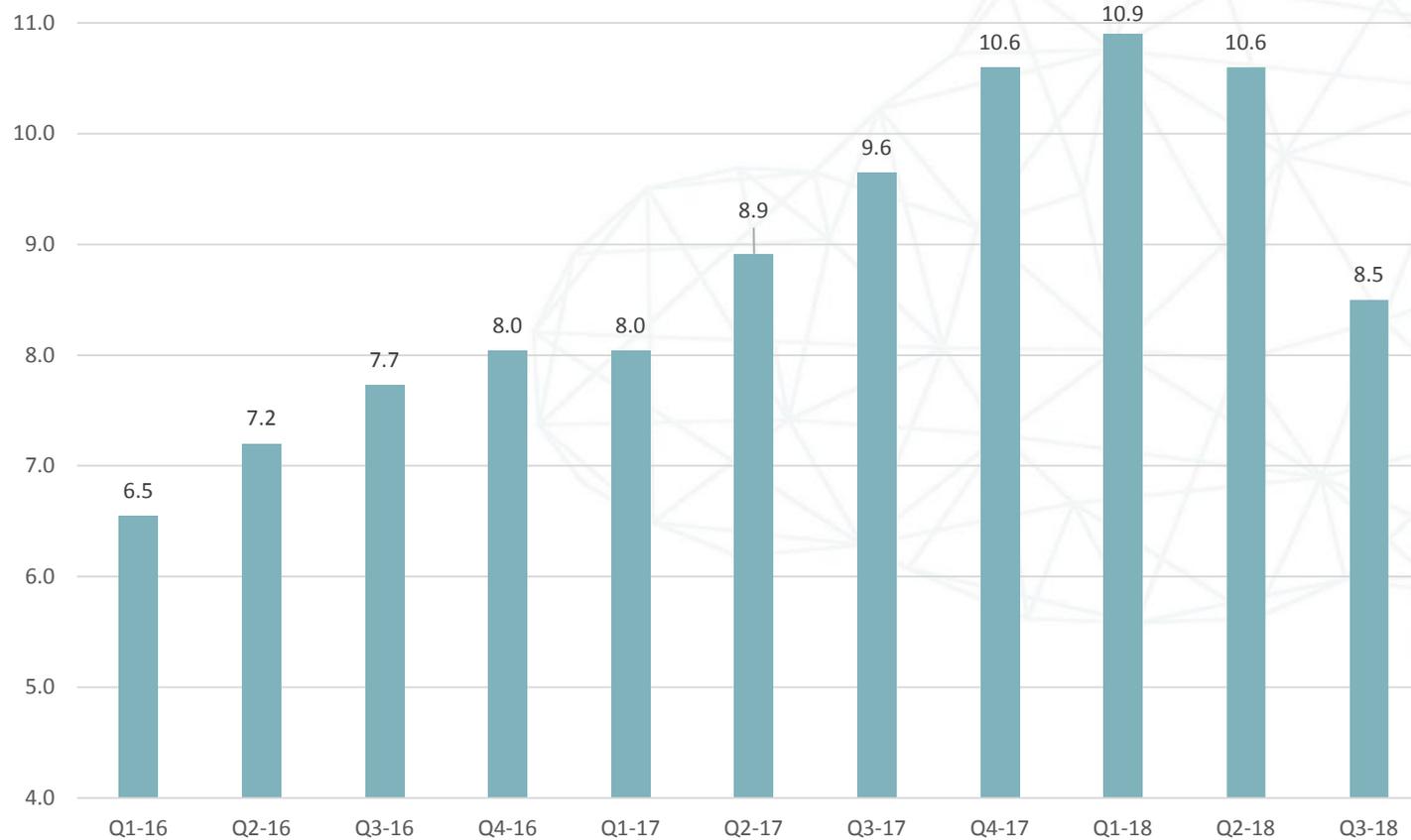
## Strong Balance Sheet

- **\$67.6M** in cash,  
zero debt as of 09/30/18



# REVENUE BY QUARTER

IN MILLIONS OF US DOLLARS





# SUMMARY

>\$1 Billion market opportunity for probe solutions<sup>(1)</sup> as CSPs accelerate NFV adoption

First to market with NFV probes and a cloud-native solution

Expanding our TAM with cloud-native network visibility

Differentiated expertise and endorsement as part of AT&T's industry-leading NFV transformation

Two top-tier operators chose RADCOM's solution for their NFV transformation;

Selected by AT&T for its pioneering NFV transformation

Selected by an additional world-leading top-tier operator migrating to NFV

Compelling growth opportunities with new and existing customers

Highly scalable operating model

Experienced leadership team with extensive domain knowledge

# RADCOMize

your NETWORK