

FIRST



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Reference Slides Earnings Call for Q1-18

SAFE HARBOR PROVISION

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, the Company is using forward-looking statements when it discusses its 2018 revenue and other performance guidance such as gross margin, levels of growth of revenues in the 2nd half of 2018 and levels of expenses and investment in infrastructure, momentum, sufficiency of capital resources and plans to expand the company’s workforce, receipt of additional grants, strategy, launching new products and potential sales of such products, size of pipeline, success of trials and translation thereof into actual sales, market share and market share growth, expansion into new countries and extension of its leadership position, additional transition to NFV, AT&T’s continuance as an important customer and key reference and its plans to virtualize its network over the long term, favorable industry trends and their effect on the Company, and projected sales cycles, orders, engagements and expanding relationships with top-tier carriers and entering into new contracts with additional operators.

The company does not undertake to update forward-looking statements. The full safe harbor provisions, including risks that could cause actual results to differ from these forward-looking statements, are outlined in the company’s SEC filings.

In this conference call, management will be referring to certain non-GAAP financial measures, which are provided to enhance the user's overall understanding of the company’s financial performance. By excluding certain non-cash stock-based compensation expenses, 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 quarter’s earnings release, which is available on our website.



OVERVIEW

- Q1 Revenues up 36% YoY to \$10.9M
- Reiterating 2018 revenue guidance range of \$43-\$47 million

First Quarter 2018 Financial Results

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CONSOLIDATED STATEMENT OF OPERATIONS FOR Q1-18 (GAAP)

Radcom Ltd.

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

	Three months ended March 31,	
	2018	2017
Revenues	\$ 10,903	\$ 8,040
Cost of revenues	2,890	2,022
Gross profit	8,013	6,018
Gross profit %	73.5%	74.9%
Research and development, gross	3,744	2,488
Less - royalty-bearing participation	-	-
Research and development, net	3,744	2,488
Sales and marketing, net	3,240	2,897
General and administrative	998	1,060
Total operating expenses	7,982	6,445
Operating income (loss)	31	(427)
Financial income, net	302	109
Income (loss) before taxes on income	333	(318)
Taxes on income	(11)	(18)
Net income (loss)	\$ 322	\$ (336)
Basic net income (loss) per ordinary share	\$ 0.02	\$ (0.03)
Diluted net income (loss) per ordinary share	\$ 0.02	\$ (0.03)



CONSOLIDATED STATEMENT OF OPERATIONS FOR Q1-18 (NON-GAAP)

Radcom Ltd.

Non-GAAP Consolidated Statement of Operations
(thousands of U.S. dollars, except share and per share data)

	Three months ended	
	March 31,	
	2018	2017
	NON-GAAP (1)	
Revenues	\$ 10,903	\$ 8,040
Cost of revenues	2,850	1,975
Gross profit	8,053	6,065
Gross profit %	73.9%	75.4%
Research and development, gross	3,536	2,379
Less - royalty-bearing participation	-	-
Research and development, net	3,536	2,379
Sales and marketing, net	3,011	2,769
General and administrative	799	724
Total operating expenses	7,346	5,872
Operating income	707	193
Financial income, net	302	109
Income before taxes on income	1,009	302
Taxes on income	(11)	(18)
Net income	\$ 998	\$ 284
Basic net income per ordinary share	\$ 0.07	\$ 0.02
Diluted net income per ordinary share	\$ 0.07	\$ 0.02

(1) Amounts exclude non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718



OPERATING EXPENSES (GAAP)

Radcom Ltd.
Operating Expenses
(thousands of U.S. dollars)

	Three months ended	
	March 31,	
	2018	2017
Research and development, gross	\$ 3,744	\$ 2,488
Less - royalty-bearing participation	-	-
Research and development, net	3,744	2,488
Sales and marketing, net	3,240	2,897
General and administrative	998	1,060
Total operating expenses	<u>\$ 7,982</u>	<u>\$ 6,445</u>



OPERATING EXPENSES (NON-GAAP)

Radcom Ltd.

Non-GAAP Operating Expenses
(thousands of U.S. dollars)

	Three months ended	
	March 31,	
	2018	2017
	NON-GAAP (1)	
Research and development, gross	\$ 3,536	\$ 2,379
Less - royalty-bearing participation	-	-
Research and development, net	3,536	2,379
Sales and marketing, net	3,011	2,769
General and administrative	799	724
Total operating expenses	<u>\$ 7,346</u>	<u>\$ 5,872</u>

(1) Amounts exclude non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718.



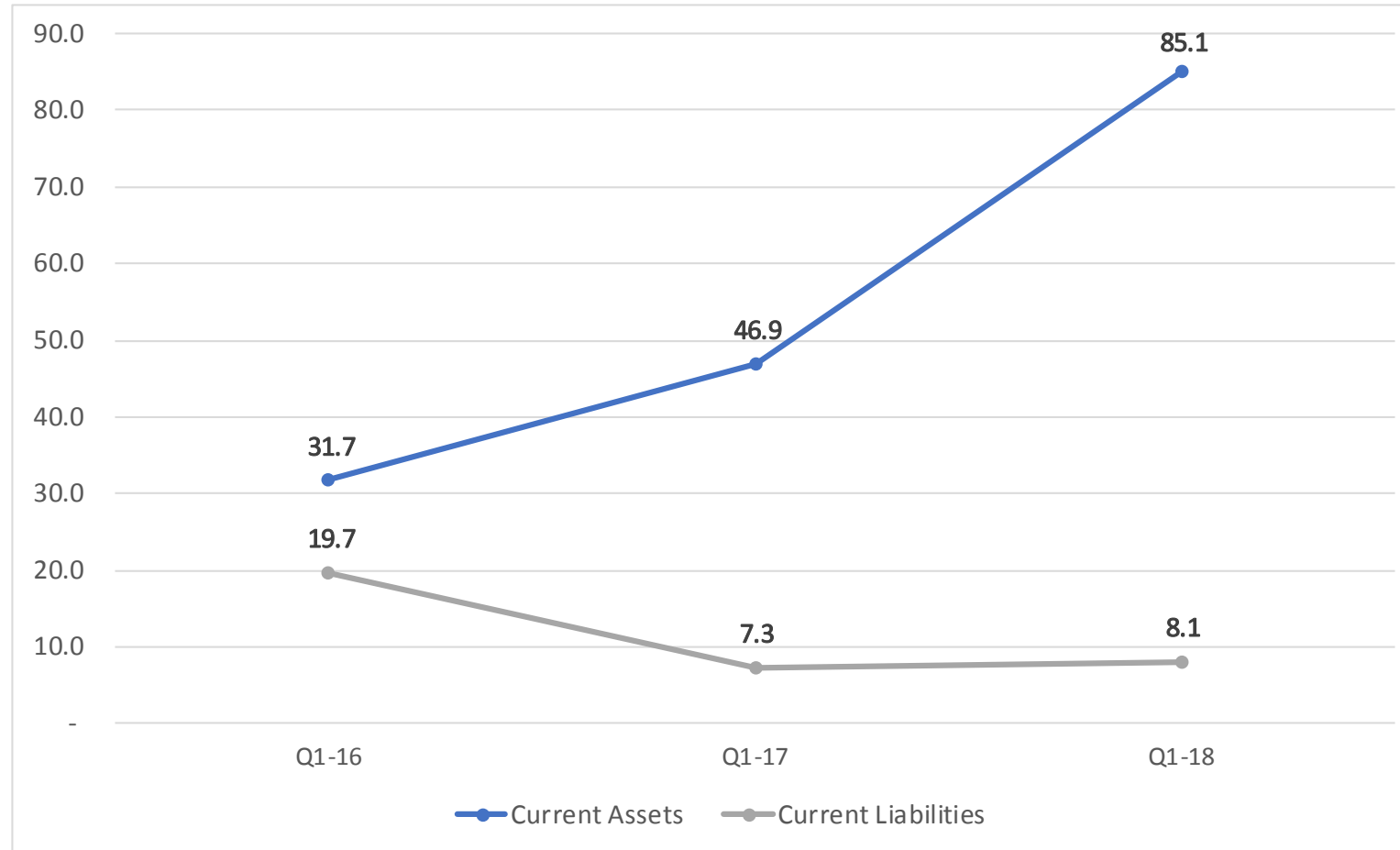
CONSOLIDATED BALANCE SHEETS

Radcom Ltd.
Consolidated Balance Sheets
(thousands of U.S. dollars)

	As of March 31, 2018	As of December 31, 2017
Cash and cash equivalents	\$ 34,519	\$ 22,575
Restricted bank deposit	35	36
Short term bank deposit	40,000	40,000
Trade receivables, net	7,397	20,266
Inventories	213	1,199
Other receivables	2,981	2,685
Total Current Assets	85,145	86,761
Severance pay fund	3,074	3,052
Other long-term receivables	223	172
Property and equipment, net	1,958	1,924
Total Assets	\$ 90,400	\$ 91,909
Trade payables	1,436	1,828
Deferred revenue	1,178	2,601
Employee and payroll accruals	3,584	4,062
Other payables and accrued expenses	1,884	3,428
Total Current Liabilities	8,082	11,919
Deferred revenue	140	21
Accrued severance pay	3,589	3,573
Total Liabilities	\$ 11,811	\$ 15,513
Shareholders' Equity	78,589	76,396
Total Liabilities and Shareholders' Equity	\$ 90,400	\$ 91,909



CURRENT ASSETS VS. CURRENT LIABILITIES (\$M)



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