

RADCOM



Reference Slides
Earnings Call for Q2-17 Results

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’s statements about its 2017 financial guidance, including revenues, gross margins, quarterly fluctuations and profitability, the expected impact of changes in Israel Innovation Authority grants, cash available for new opportunities, strategy, market share growth and extension of its leadership position, potential pipeline and opportunities, investments in infrastructure and research and development to support the Company’s growth, expected continuance of the Company’s momentum in the second half of 2017, AT&T’s continuance as an important customer and key reference and its plans to virtualize approximately 55% of their network by the end of 2017, and projected sales cycles and relationships with top-tier carriers, all constitute 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 United States Securities and Exchange Commission.

The Company does not undertake to revise or update any forward-looking statements for any reason.

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 non-cash stock-based compensation, non-GAAP results provide information that is useful in assessing the Company'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 are available on the Company’s website at <http://www.radcom.com/investor-relations>

OVERVIEW

- Q2 Revenues up 24% YoY to \$8.9M
- Reiterating 2017 Revenue guidance range of \$36-\$39 million

Second Quarter 2017

Financial Results

INCOME STATEMENT FOR Q2-17 and H1-17 (GAAP)

Radcom Ltd.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 8,917	\$ 7,200	\$ 16,957	\$ 13,747
Cost of revenues	2,643	2,136	4,665	3,829
Gross profit	6,274	5,064	12,292	9,918
Gross profit %	70%	70%	72%	72%
Research and development, gross	2,739	1,632	5,227	3,468
Less - royalty-bearing participation	312	756	312	756
Research and development, net	2,427	876	4,915	2,712
Sales and marketing, net	2,989	1,732	5,886	3,259
General and administrative	1,098	1,156	2,158	2,027
Total operating expenses	6,514	3,764	12,959	7,998
Operating (loss) income	(240)	1,300	(667)	1,920
Financial income, net	41	447	150	736
(Loss) income before tax	(199)	1,747	(517)	2,656
Taxes	(5)	-	(23)	(6)
Net (loss) income	\$ (204)	\$ 1,747	\$ (540)	\$ 2,650
Basic net (loss) income per ordinary share	\$ (0.02)	\$ 0.18	\$ (0.05)	\$ 0.28
Diluted net (loss) income per ordinary share	\$ (0.02)	\$ 0.17	\$ (0.05)	\$ 0.27

INCOME STATEMENT FOR Q2-17 and H1-17 (NON-GAAP)

Radcom Ltd.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	NON-GAAP (1)			
Revenues	\$ 8,917	\$ 7,200	\$ 16,957	\$ 13,747
Cost of revenues	2,623	2,109	4,598	3,787
Gross profit	6,294	5,091	12,359	9,960
Gross profit %	71%	71%	73%	72%
Research and development, gross	2,606	1,563	4,985	3,229
Less - royalty-bearing participation	312	756	312	756
Research and development, net	2,294	807	4,673	2,473
Sales and marketing, net	2,845	1,701	5,614	3,208
General and administrative	775	1,033	1,499	1,672
Total operating expenses	5,914	3,541	11,786	7,353
Operating income	380	1,550	573	2,607
Financial income, net	41	447	150	736
Income before tax	421	1,997	723	3,343
Taxes	(5)	-	(23)	(6)
Net income	\$ 416	\$ 1,997	\$ 700	\$ 3,337
Basic net income per ordinary share	\$ 0.04	\$ 0.20	\$ 0.06	\$ 0.36
Diluted net income per ordinary share	\$ 0.03	\$ 0.20	\$ 0.06	\$ 0.34

(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)
(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Research and development, gross	2,739	1,632	5,227	3,468
Less - royalty-bearing participation	312	756	312	756
Research and development, net	2,427	876	4,915	2,712
Sales and marketing, net	2,989	1,732	5,886	3,259
General and administrative	1,098	1,156	2,158	2,027
Total operating expenses	6,514	3,764	12,959	7,998

OPERATING EXPENSES (NON GAAP)

Radcom Ltd.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	NON-GAAP (1)			
Research and development, gross	2,606	1,563	4,985	3,229
Less - royalty-bearing participation	312	756	312	756
Research and development, net	2,294	807	4,673	2,473
Sales and marketing, net	2,845	1,701	5,614	3,208
General and administrative	775	1,033	1,499	1,672
Total operating expenses	<u>5,914</u>	<u>3,541</u>	<u>11,786</u>	<u>7,353</u>

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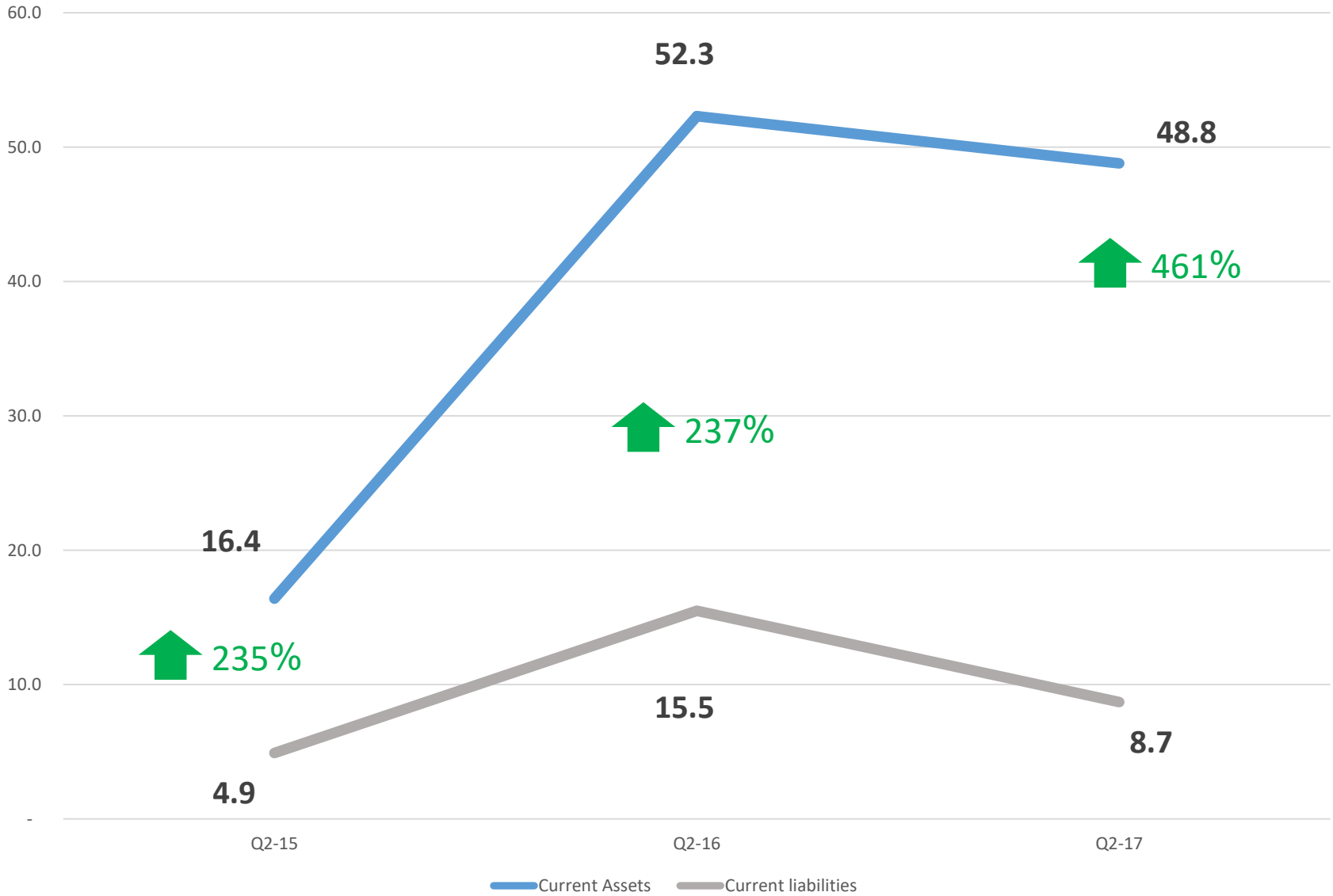
BALANCE SHEET

Radcom Ltd.

Consolidated Balance Sheet (thousands of U.S. dollars)
(Unaudited)

	As of June 30, 2017	As of December 31, 2016
Cash and cash equivalents	36,164	42,886
Restricted bank deposits	36	32
Trade receivables, net	10,674	4,388
Inventories	468	623
Other receivables	1,429	1,960
Total Current assets	48,771	49,889
Severance pay fund	3,077	2,788
Other long-term receivables	361	375
Property and equipment, net	1,697	1,516
Total Assets	53,906	54,568
Trade payables	2,008	2,820
Deferred revenue and advances from customers	805	2,593
Employee and payroll accruals	3,515	3,541
Other payables and accrued expenses	2,357	2,081
Total Current Liabilities	8,685	11,035
Deferred revenue	127	123
Accrued severance pay	3,608	3,267
Total Liabilities	12,420	14,425
Shareholders' Equity	41,486	40,143
Total Liabilities and Shareholders' Equity	53,906	54,568

CURRENT ASSETS VS. CURRENT LIABILITIES



RADCOM



THANK YOU