

Reference Slides

Earnings Call for Q4-15 Results

Safe Harbor Provision

Forward-looking statements in the conference call involve a number of risks and uncertainties, including but not limited to product demand, pricing, market acceptance, changing economic conditions, product technology development, the effect of the company's accounting policies, and other risk factors detailed in the company's SEC filings.

The Company does not undertake to update forward-looking statements.

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 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 quarter's earnings release.

Overview

- Biggest-ever win secured in late December 2015
- Entering 2016 with record backlog – visibility for 3 years of growth
- RADCOM now positioned as CLEAR LEADER of NFV SERVICE ASSURANCE

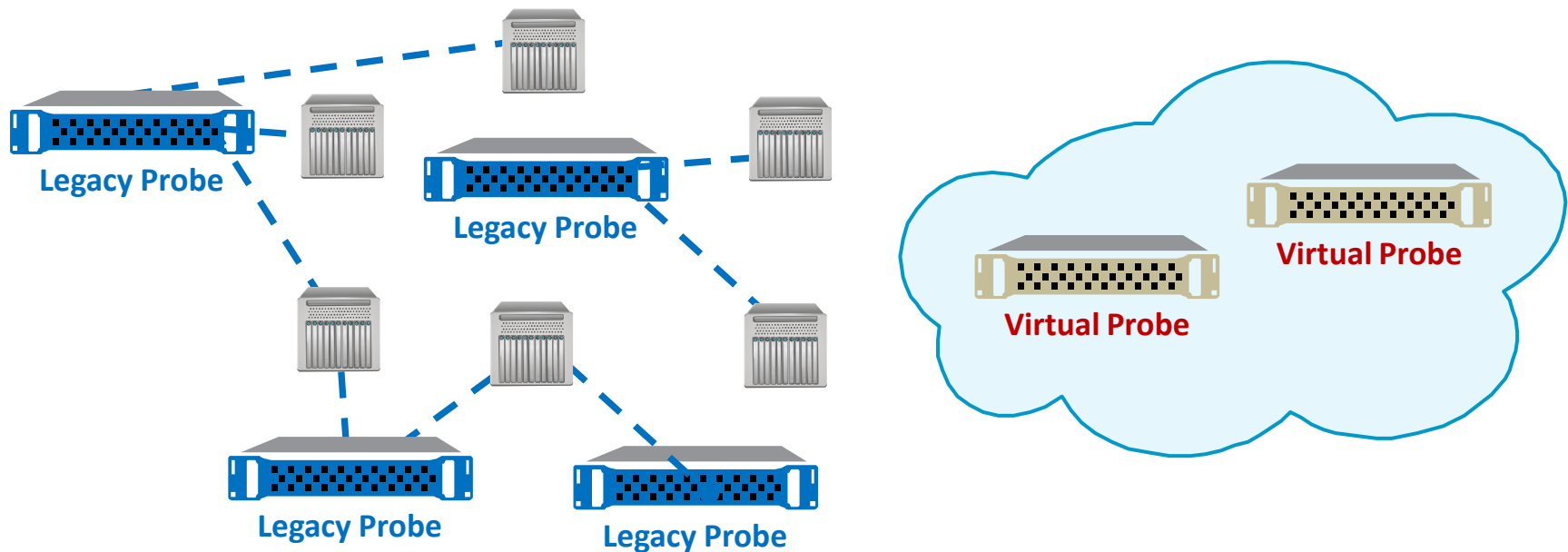
RADCOM's Unique Positioning

Vetting and selection by top-tier
North American operator positions
RADCOM's MaveriQ as the
clear leader in NFV Service Assurance

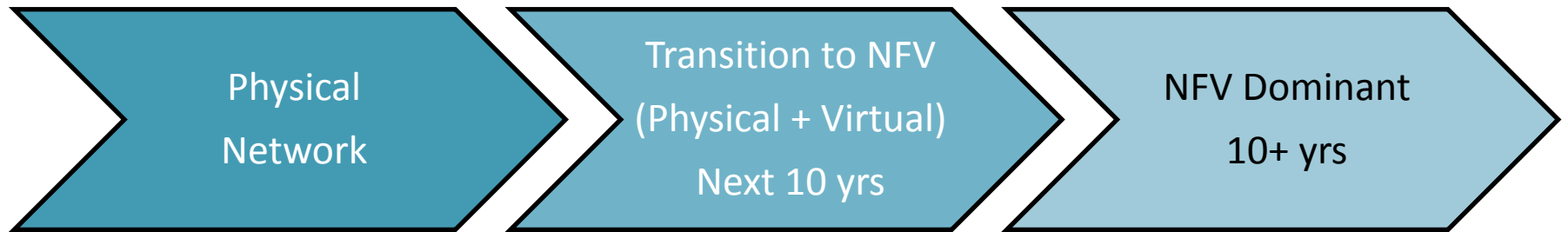
- **Ideal for the transitional environment**
- **Robust & scalable**
- **Industrial strength**
- **Open and interoperable with multiple vendors**

The Challenge of Service Assurance During the NFV Transition

- Virtualized elements can't be monitored effectively by legacy probes
- In transitioning networks service assurance solutions need to monitor both physical and virtual elements



The NFV Transformation – 10 Years



When? Not if...



In an Infonetics Research survey, **93%** of operators said that they **will be deploying NFV**

Infonetics Research, 2014

Operators Are Beginning the Move to NFV

“SDN and NFV hold a lot of promise, and Verizon is banking on it.”

Kyle Malady, SVP of Global Network Operations for **Verizon**

“NFV is essential. It's now too expensive to run a network built in silos.” Farid Feisullin , CTO at **Sprint**

“NFV has real potential as a technology, which is why we have a wider program in place to determine exactly which network functions can be virtualized.”

Dr. Tim Whitley, MD of Research & Innovation for **BT**

“We can change how we operate, reduce the total cost of operation by up to 30% and at the same time upgrade our platforms.”

Carta Blanco, Global CTO for **Telefónica**

NFV: Significant Benefits

An NFV study from ACG Research shows rapid investment payback

“...adopting a virtualized evolved packet core can reduce CAPEX by an average of 68% and OPEX by 67%; and that the deployment of virtualized network components can happen within 6 months, compared with an average of 15 months for traditional network hardware, resulting in a quicker time to market and return on investment.”

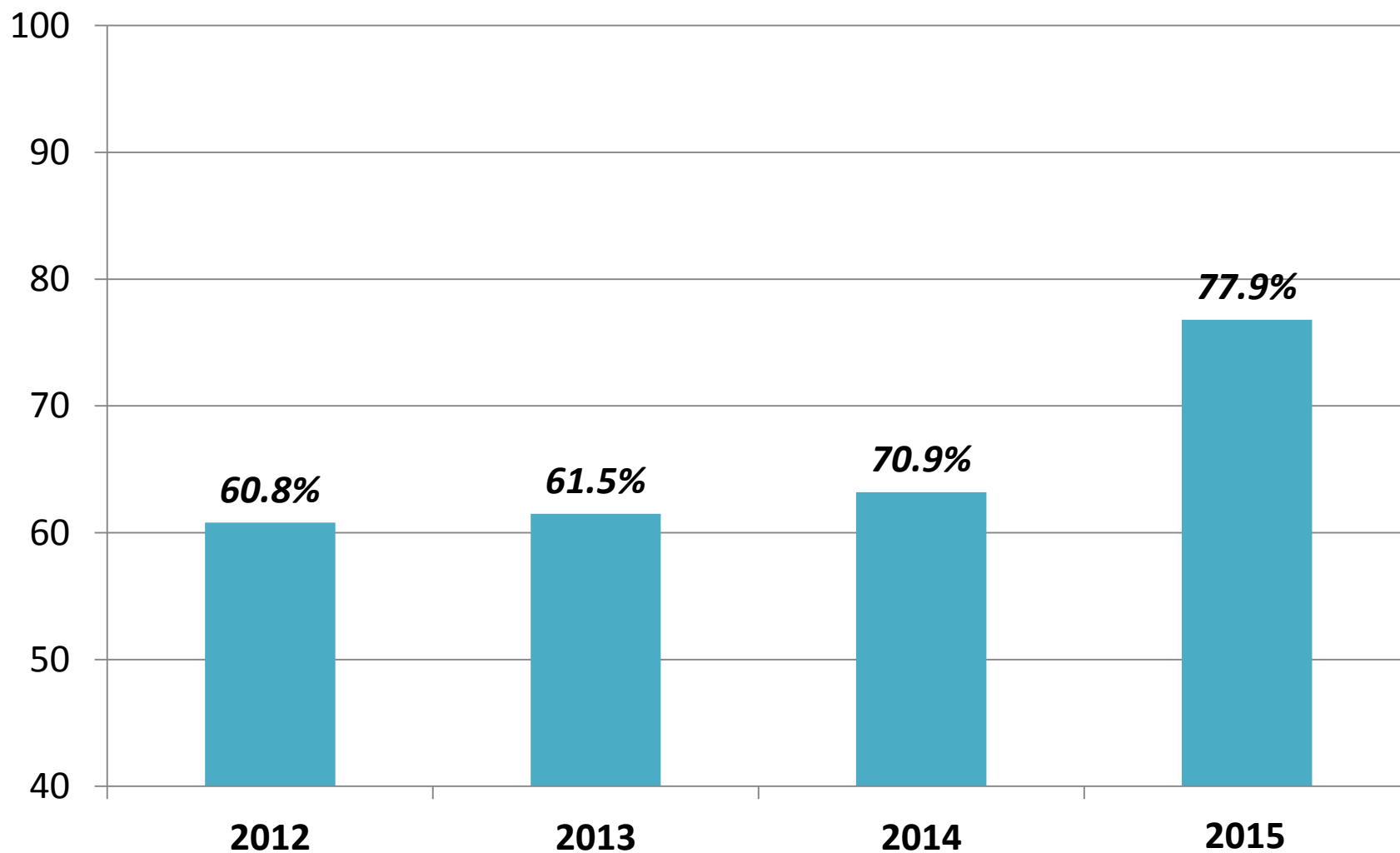
ACG Research, July 2015

Financials

Income Statement *(Non-GAAP, US\$ 000's)*

	Q4-15	Q4-14	2015	2014
Sales	2,715	7,188	18,673	23,636
Cost of sales	963	1,823	4,123	6,881
Gross Profit	1,752	5,365	14,550	16,755
Gross margin	64.5%	74.6%	77.9%	70.9%
R&D Gross	1,524	1,286	5,542	5,634
Less participation	576	358	1,582	1,664
R&D Net	948	928	3,960	3,970
Sales & Marketing	2,000	1,738	7,454	6,976
General & Administration	458	441	1,926	2,019
Operating expenses	3,406	3,107	13,340	12,965
Operating profit	(1,654)	2,258	1,210	3,790
Financial income (expense)	48	(280)	(433)	(332)
Net profit	(1,606)	1,978	777	3,458
Net taxes	-	(180)	(121)	(180)
Net profit	(1,606)	1,798	656	3,278
EPS (basic)	(\$0.19)	\$0.22	\$0.08	\$0.40
EPS (diluted)	(\$0.19)	\$0.20	\$0.07	\$0.38

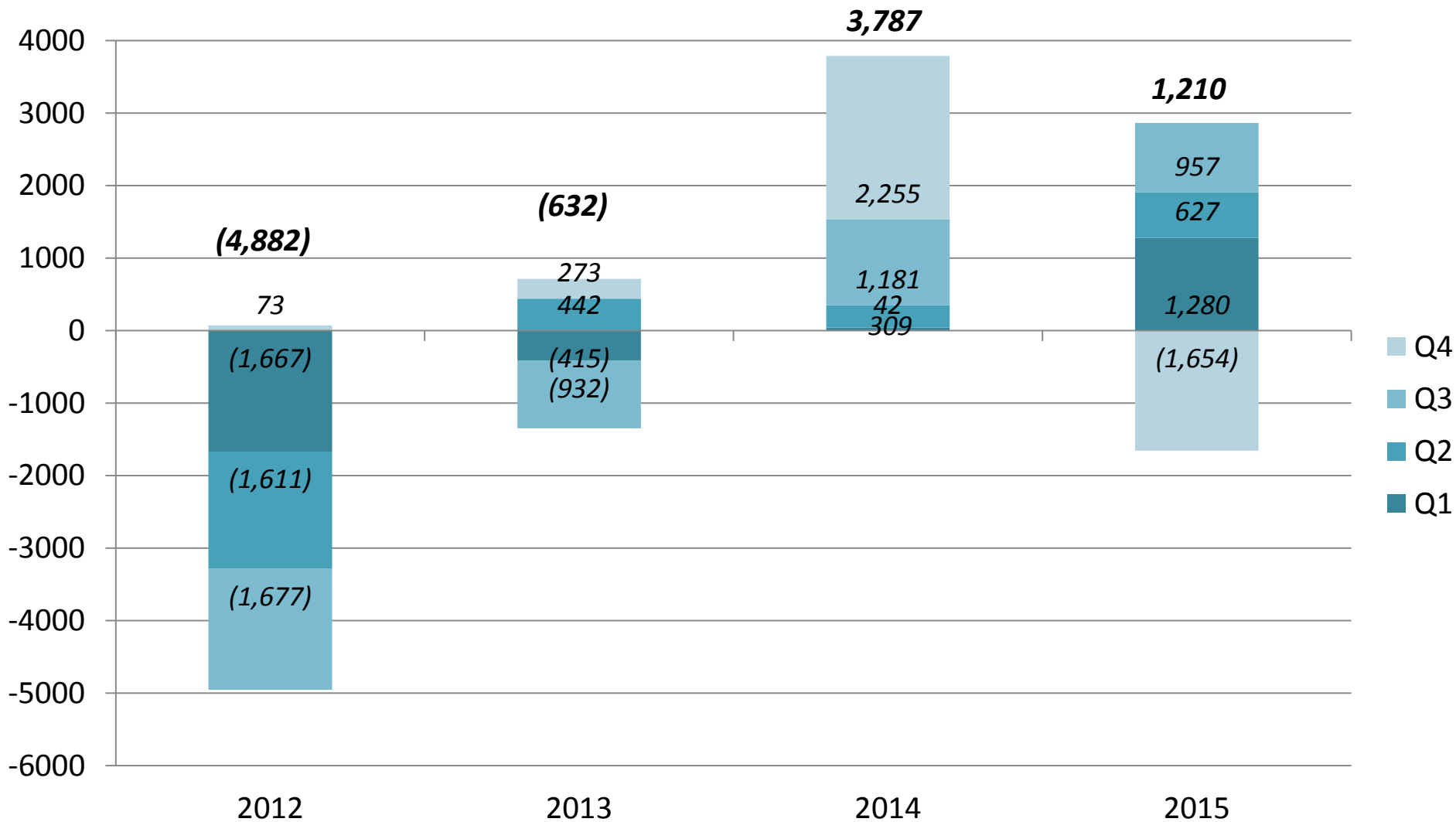
Gross Margin (*Non-GAAP*)



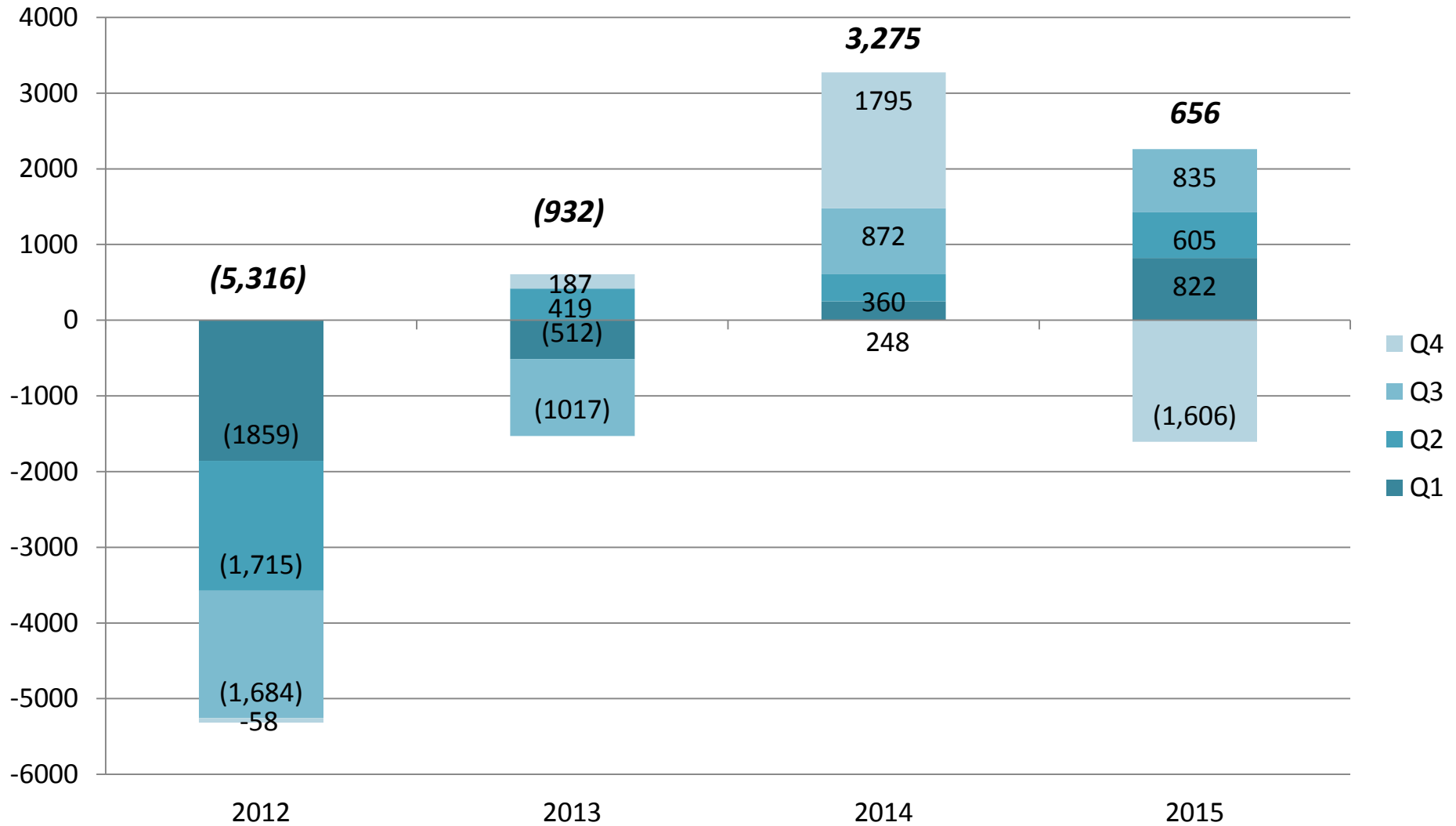
Operating Expenses (Non GAAP, US \$ 000'S)

	Q4-15	Q4-14	2015	2014
R&D Gross	1,524	1,286	5,542	5,634
Less OCS participation	<u>576</u>	<u>358</u>	<u>1,582</u>	<u>1,664</u>
R&D Net	948	928	3,960	3,970
Sales & Marketing	2,000	1,738	7,454	6,976
General & Administration	<u>458</u>	<u>441</u>	<u>1,926</u>	<u>2,019</u>
Operating expenses	3,406	3,107	13,340	12,965

Operating Income *(Non GAAP, US \$ 000'S)*



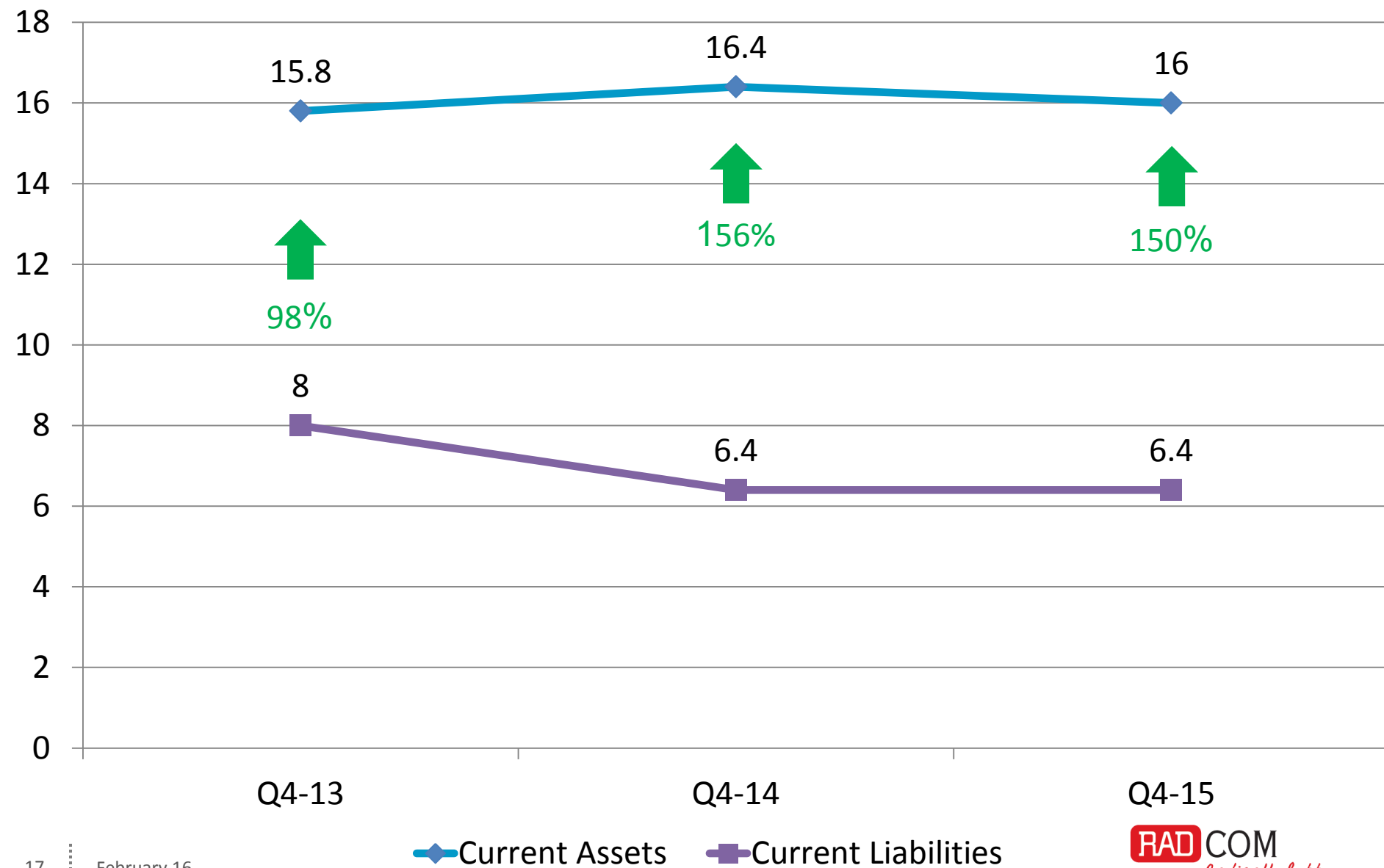
Net Income *(Non GAAP, US \$ 000'S)*



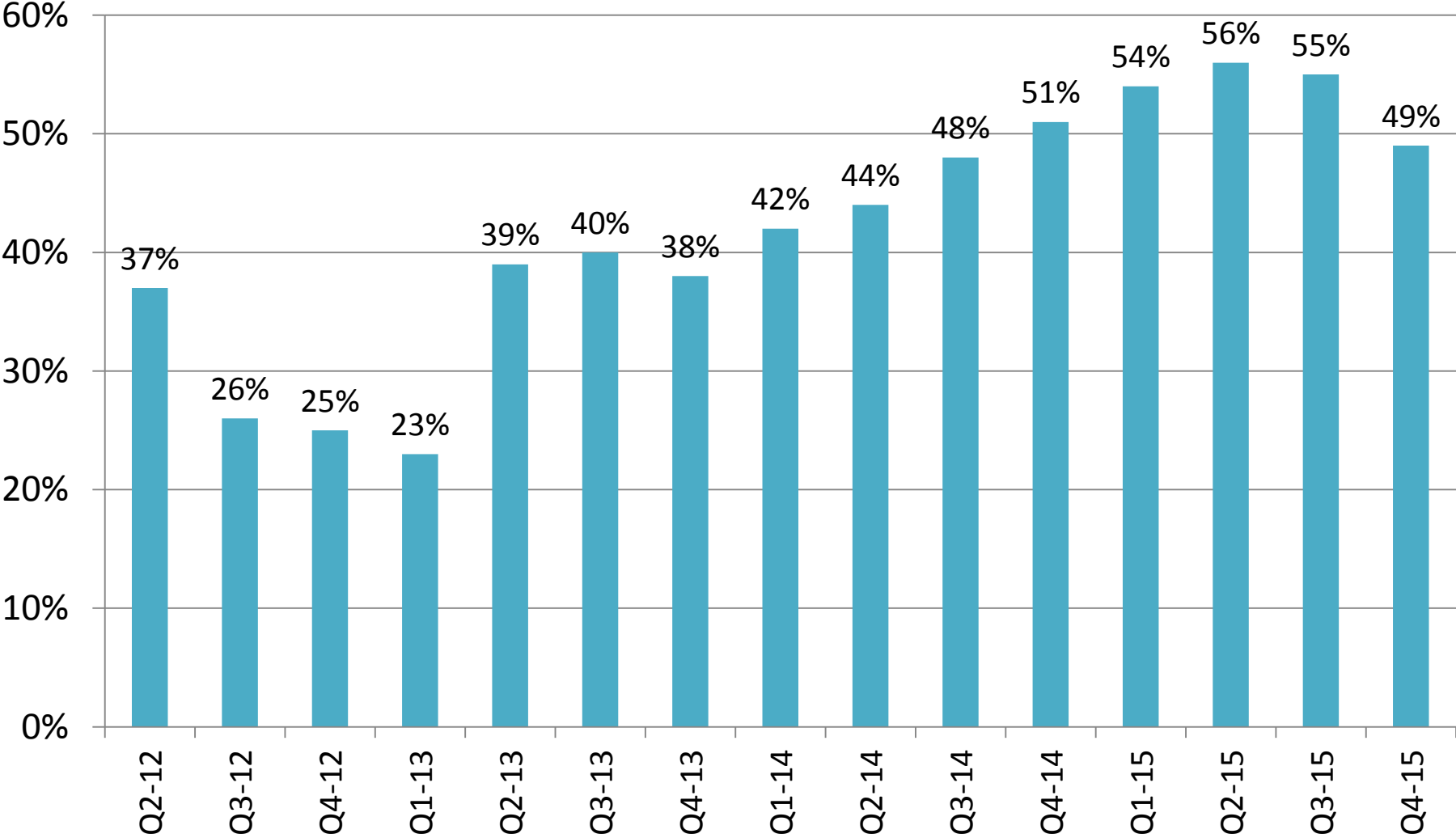
Balance Sheet (US\$ 000's)

	Dec-15	Dec-14
Cash and Deposits	8,759	6,880
Trade Receivables	3,684	5,477
Inventories	1,532	2,699
Other receivables	2,087	1,411
Current assets	16,062	16,467
Assets for severance benefits	3,181	3,051
Other long-term receivables	508	600
Property & Equipment-Net	384	200
Total Assets	20,135	20,318
Trade payables	1,465	1,524
Current deferred revenues	931	599
Advances from customers	0	166
Other payables	4,023	4,116
Current Liabilities	6,419	6,405
Long-term deferred revenues	197	198
Liability For Employees	3,656	3,453
Equity	9,863	10,262
Total Liabilities & Equity	20,135	20,318

Current Assets vs. Current Liabilities



Equity to Total Assets





Thank You