

Reference Slides

Earnings Call for Q2-15 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.

Highlights

	Q2-15	H1-15
Revenue	\$4.8M	\$11.2M
Gross margin	75%	79%
Net profit <i>(non-GAAP)</i>	\$605K	\$1.4M
Net margin <i>(non-GAAP)</i>	12.5%	12.7%
Cash balance	\$9.9M	\$9.9M
EPS <i>(basic Non-GAAP)</i>	\$0.07	\$0.17

Top-Tier NFV Adoption Begins

- **AT&T:** plans to virtualize and control more than 75% of its network using software-driven architecture by 2020
- **Telefonica:** UNICA network infrastructure initiative to virtualize >30% of its network by 2016
- **Telstra:** planning to introduce SDN and NFV capabilities into its core network
- **Verizon:** plans to incorporate commodity hardware and many non-traditional vendors

A Huge, Fast-Growing Market

Infonetics, Nov 2014:

“We are projecting the global service provider SDN and NFV market to reach \$11 billion in 2018...Software applications will take more than 90% of it...”

Research & Markets, Feb 2015:

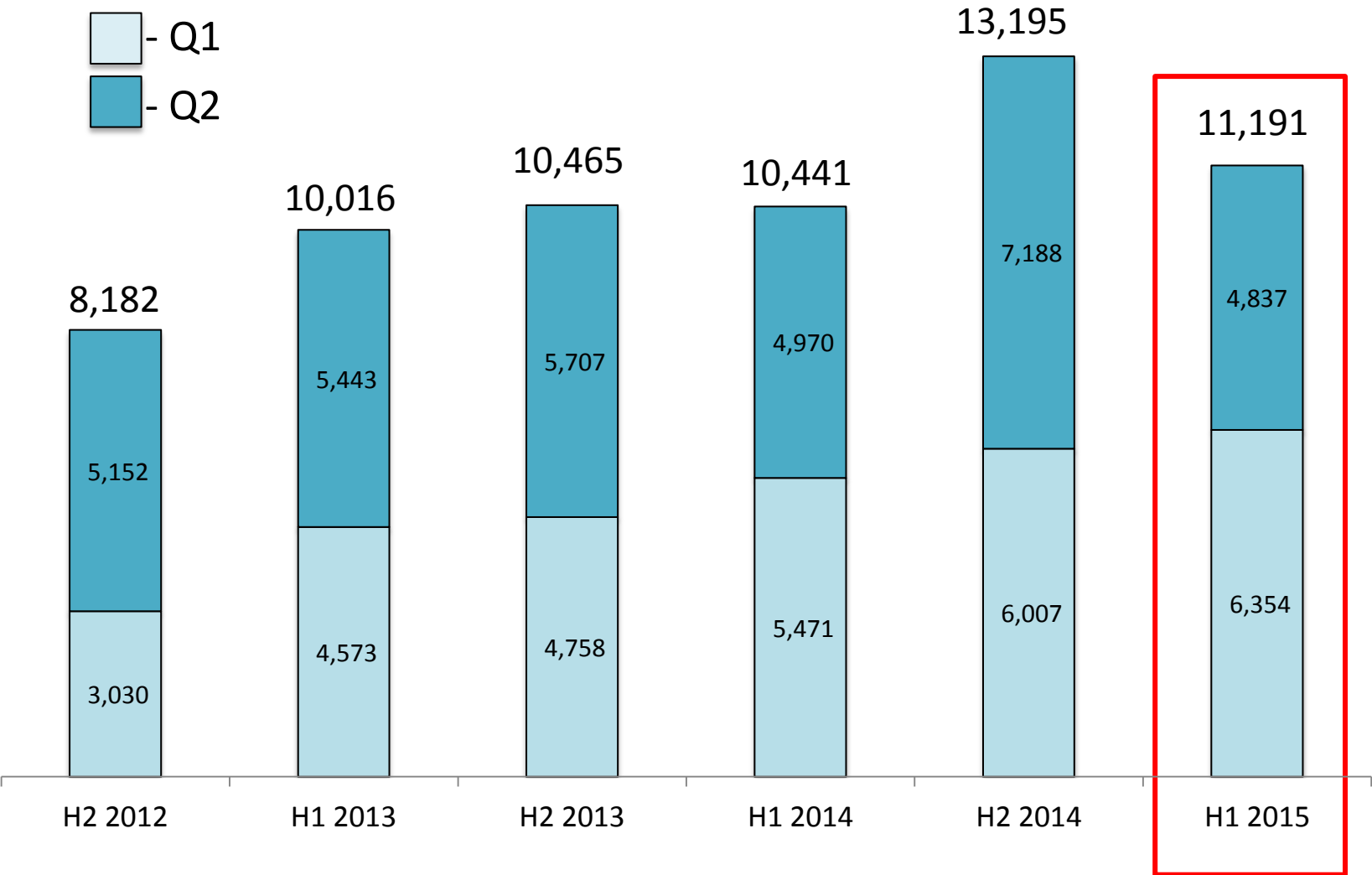
“It is estimated that the overall global market for NFV will grow at a CAGR of 83.1% between 2015 and 2020. NFV revenues will reach \$8.7 billion by the end of 2020.”

Technavio:

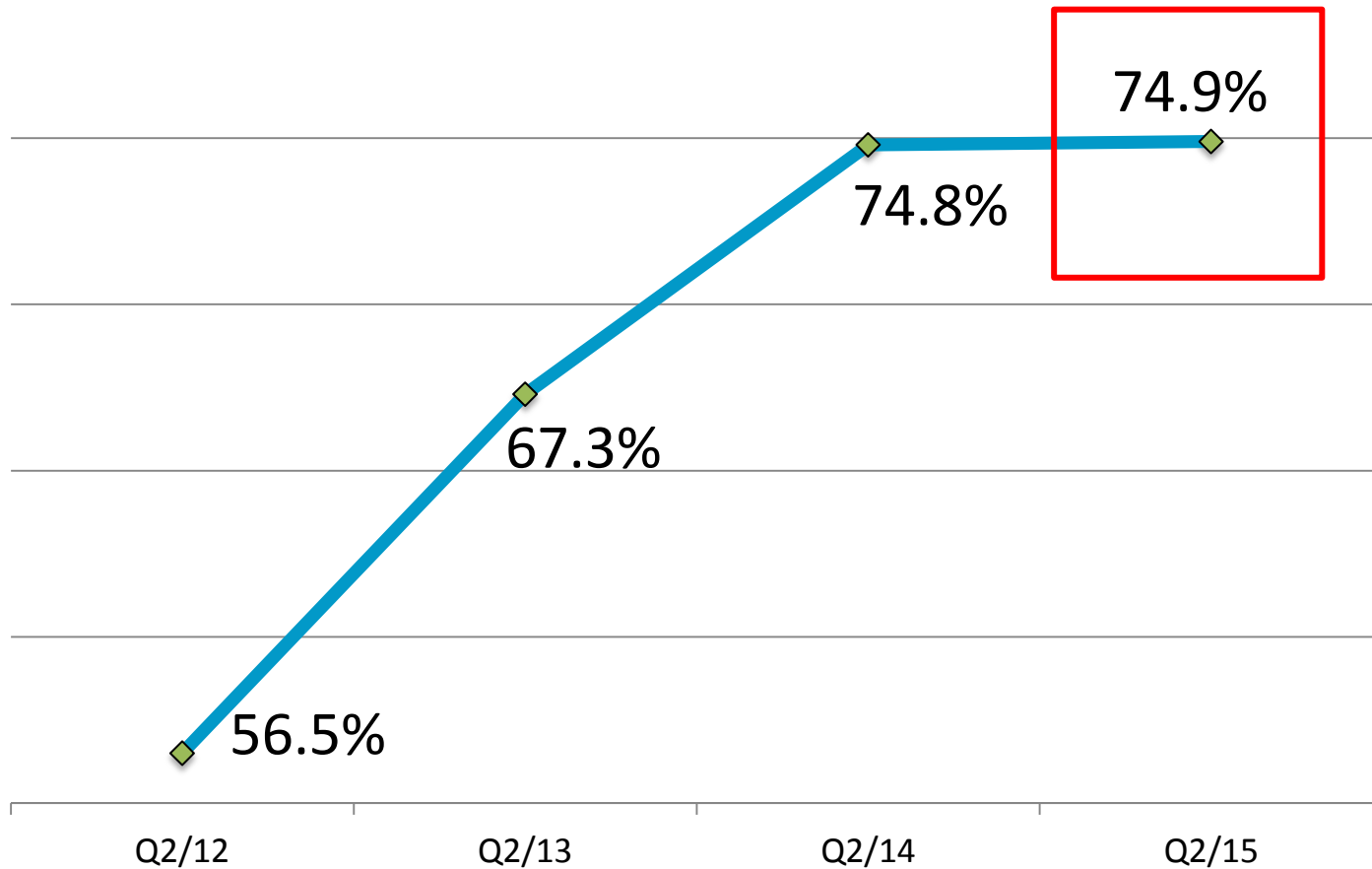
“The Global NFV market is expected to grow at a whopping CAGR of 51.57% for the 2013-2018 period.”

Financials

Revenues: Q2 & H1 (US \$ 000's)



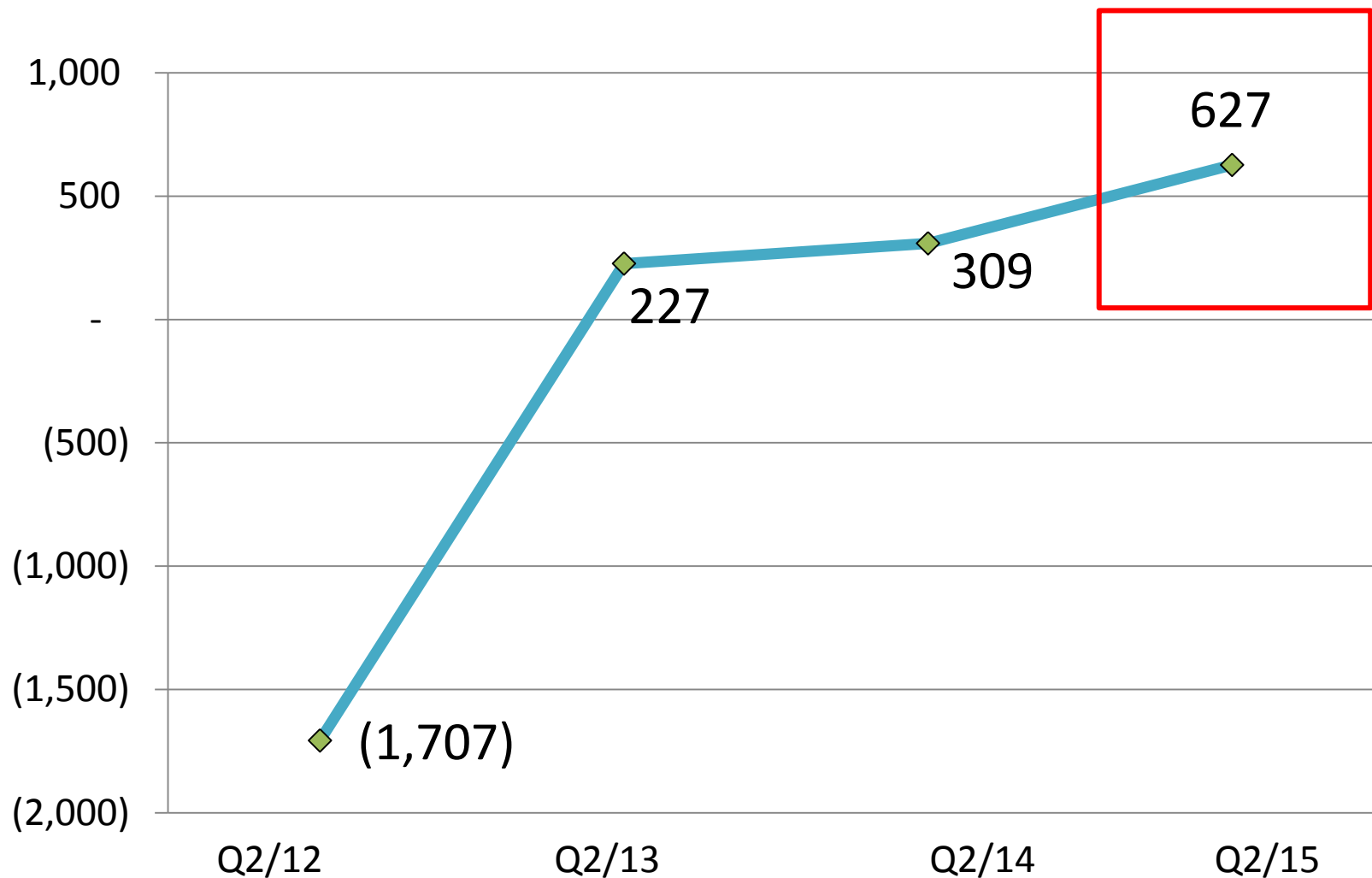
Gross margin



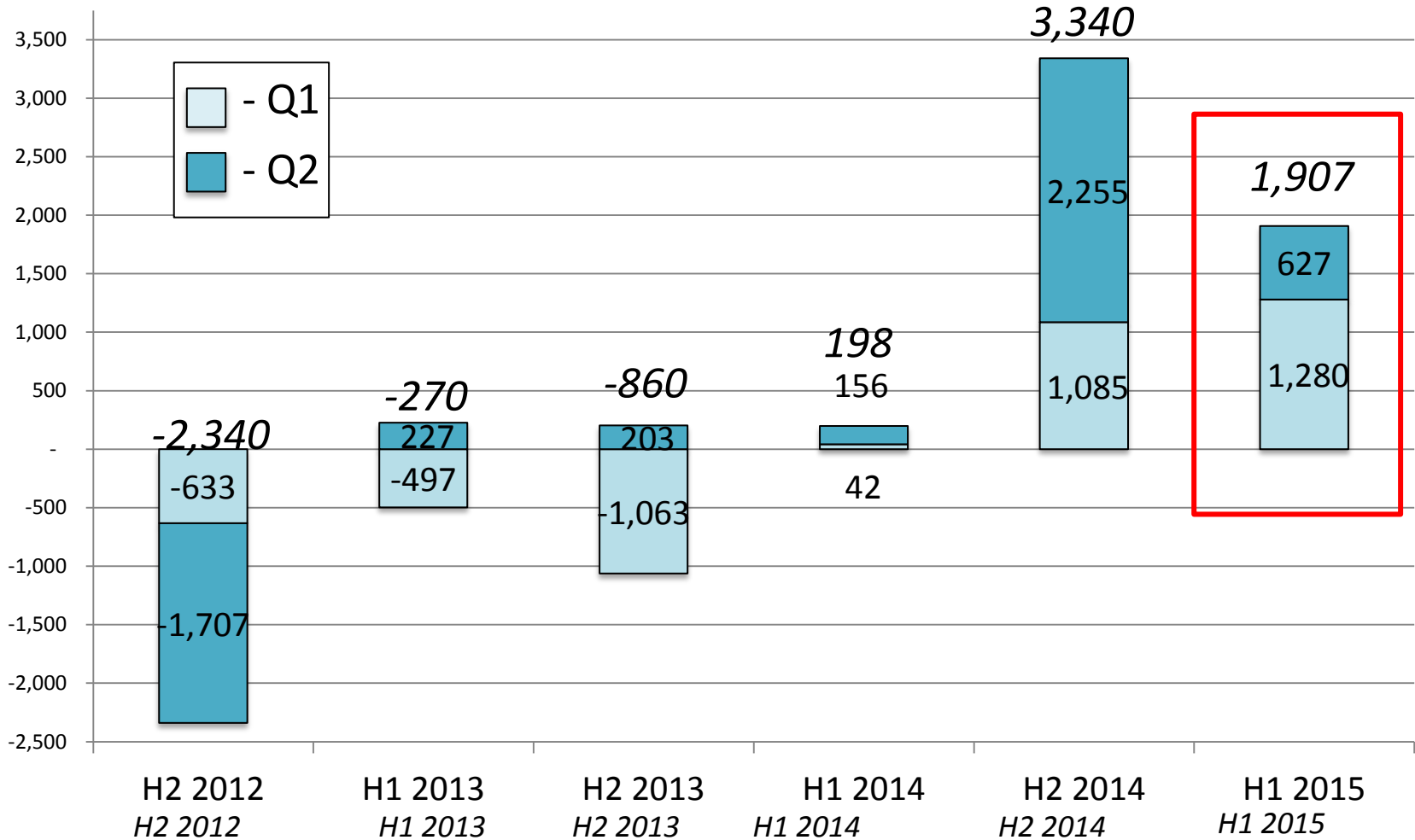
Operating Expenses (Non GAAP, US \$ 000'S)

	Q2-15	Q2-14		H1-15	H1-14
R&D, gross	1,274	1,462		2,746	2,984
Less participation	<u>148</u>	<u>289</u>		<u>148</u>	<u>587</u>
R&D, net	1,126	1,173		2,599	2,397
Sales & marketing	1,413	1,720		3,363	3,617
General & administration	<u>468</u>	<u>519</u>		<u>991</u>	<u>1,059</u>
Total operating expenses	3,007	3,412		6,952	7,073

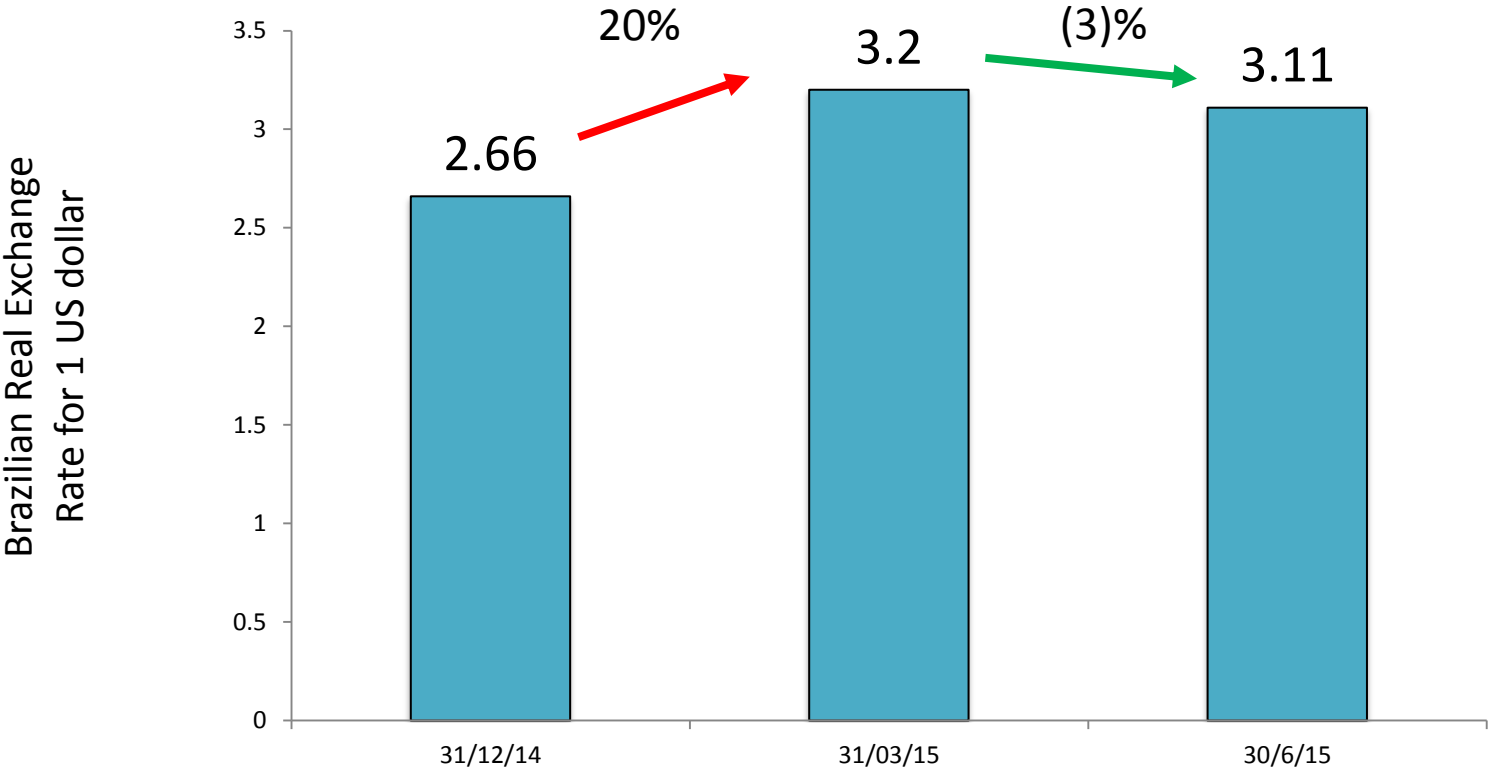
Q2 Operating Income (Non GAAP, US \$ 000'S)



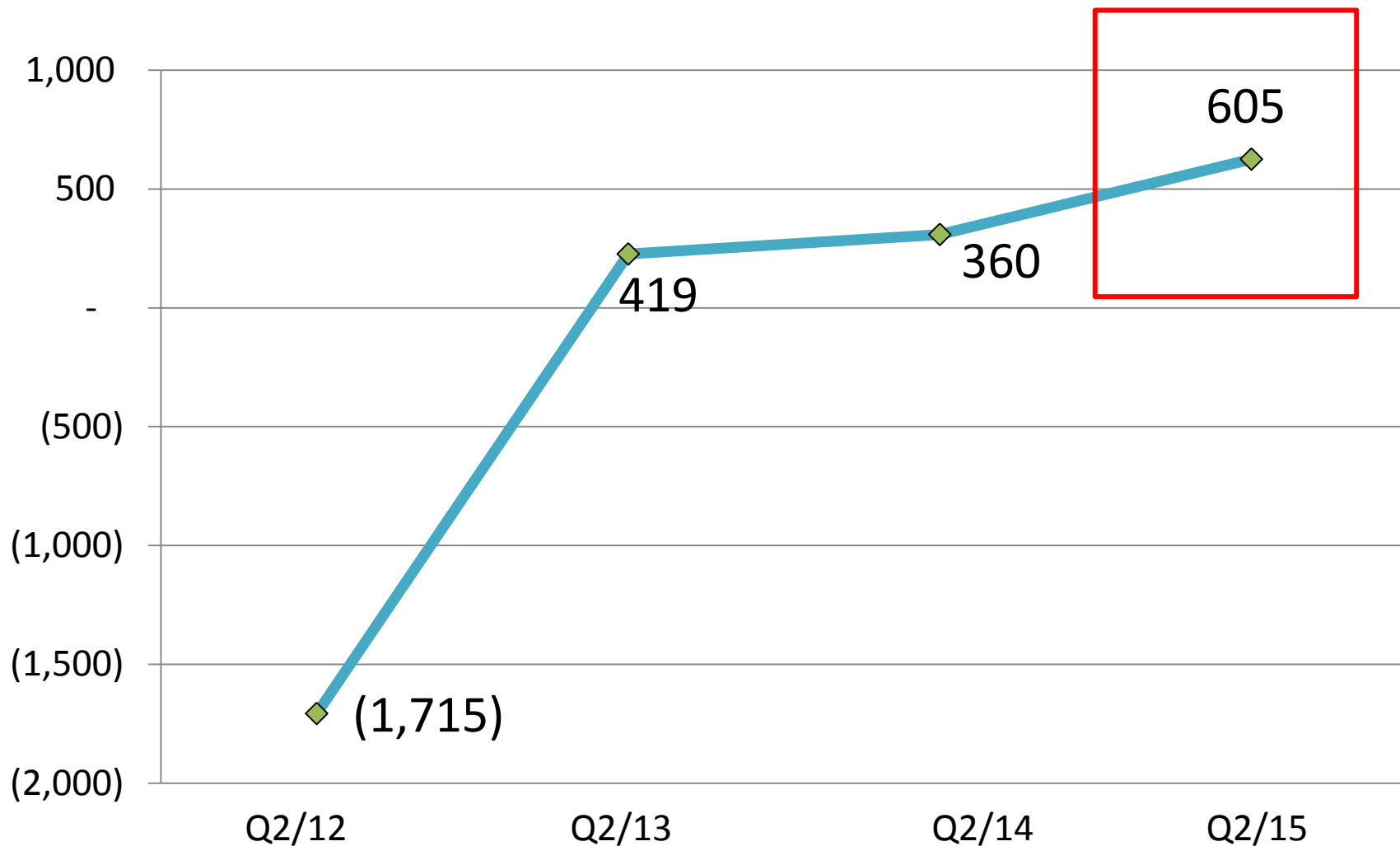
H1 Operating Income *(Non GAAP, US \$ 000'S)*



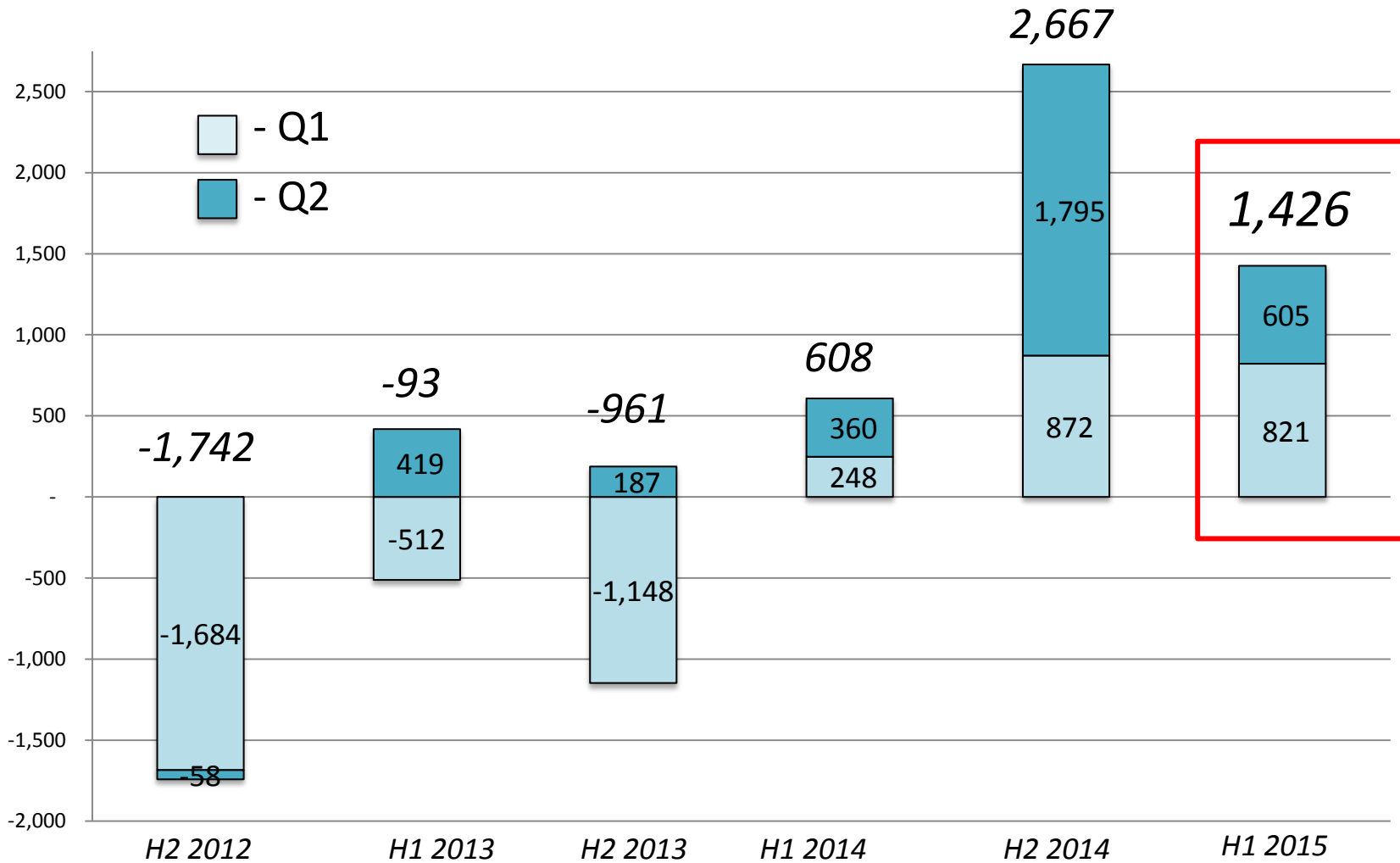
Exchange Rate: Brazilian Real vs US Dollar



Q2 Net Income (Non GAAP, US \$ 000'S)



H1 Net Income *(Non GAAP, US \$ 000'S)*



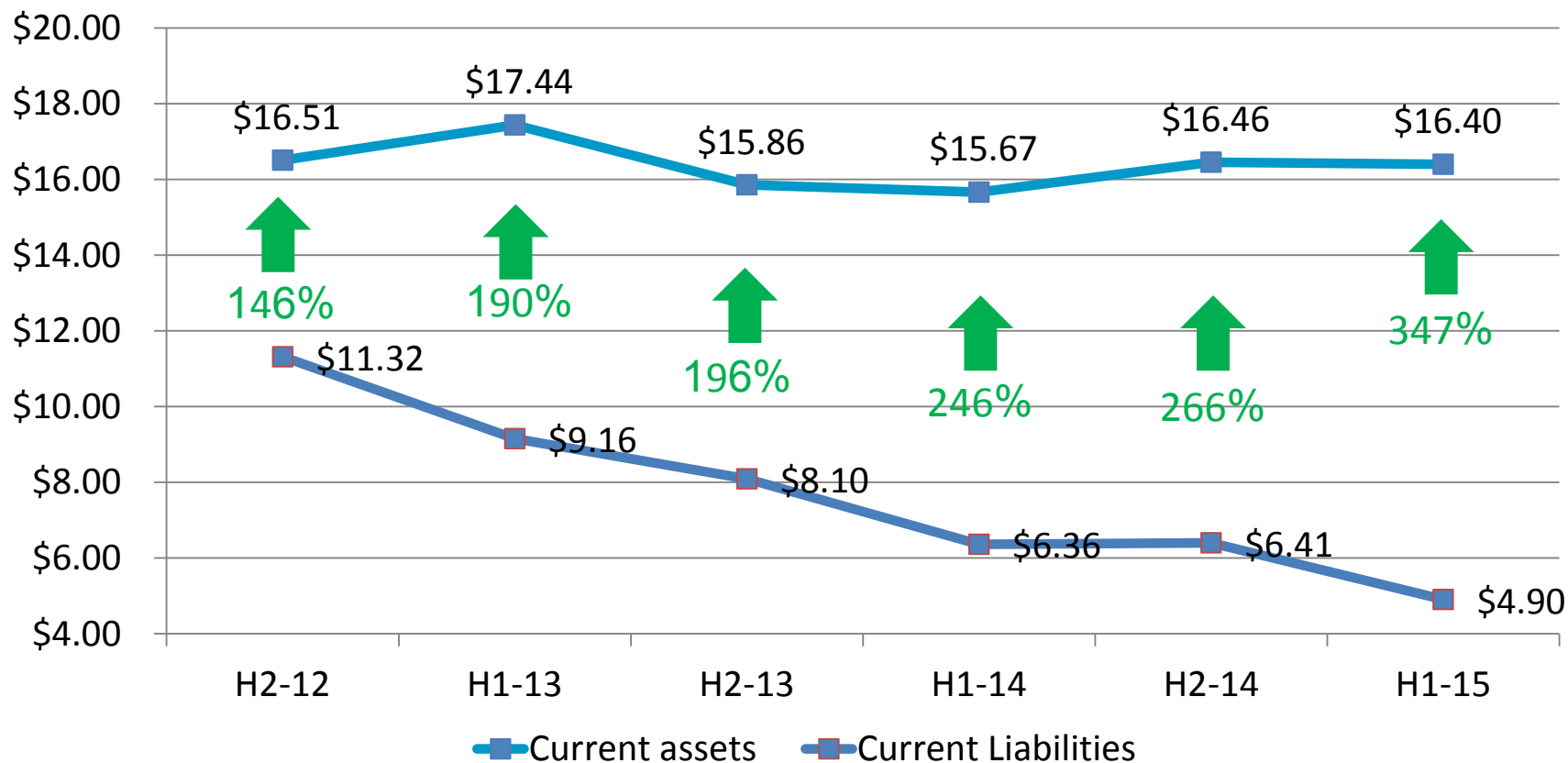
Income Statement *(Non-GAAP, US\$ 000's)*

	Q2-15	Q2-14		H1-15	H1-14
Sales	4,837	4,970		11,191	10,441
Cost of sales	<u>1,203</u>	<u>1,249</u>		<u>2,332</u>	<u>3,017</u>
Gross Profit	3,634	3,721		8,859	7,424
Gross margin	75%	75%		79.2%	71.1%
R&D, gross	1,274	1,462		2,747	2,984
Less participation	<u>148</u>	<u>289</u>		<u>148</u>	<u>587</u>
R&D, net	1,126	1,173		2,599	2,397
Sales & marketing	1,413	1,720		3,363	3,617
General & administration	<u>468</u>	<u>519</u>		<u>990</u>	<u>1,059</u>
Operating expenses	3,007	3,412		6,952	7,073
Operating profit	627	309		1,907	351
Financial income (expense)	78	51		(374)	257
Net profit	705	360		1,533	608
Net taxes	(100)	0		(107)	-
Net profit	605	360		1,426	608
EPS (basic)	\$0.07	\$0.04			\$0.08
EPS (diluted)	\$0.07	\$0.04			\$0.07

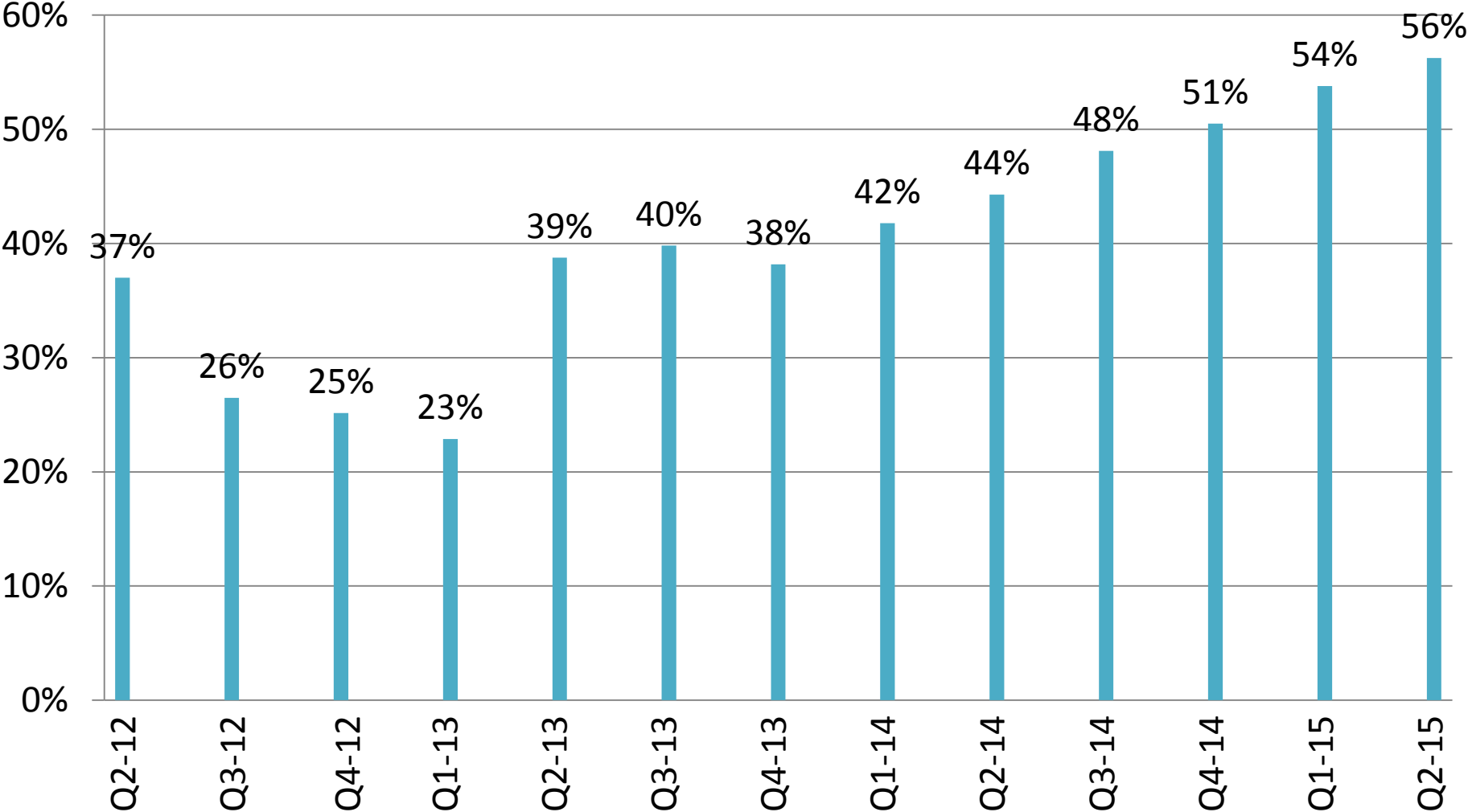
Balance Sheet (US\$ 000's)

	30 Jun 15	31 Dec 14
Cash and deposits	9,916	6,880
Trade receivables	3,434	5,477
Inventories	1,482	2,699
Other receivables	1,569	1,411
Current assets	16,401	16,467
Assets for severance benefits	3,163	3,051
Other long-term receivables	622	600
Property & equipment, net	210	200
Total assets	20,396	20,318
Trade payables	424	1,524
Current deferred revenues and advances from customers	842	765
Other payables	3,638	4,116
Current liabilities	4,904	6,405
Long-term deferred revenues	384	198
Liability for employees	3,636	3,453
Equity	11,472	10,262
Total liabilities & equity	20,396	20,318

Current Assets vs. Current Liabilities



Equity to Total Assets





Thank You

Additional Slides About NFV Market

“NFV is the new tsunami
transforming
the communications
industry”

*Dr. Eyal Felstaine
VP Products, Amdocs*

Trending Towards NFV

“The issue is simple: the traffic can’t be managed efficiently with technology that defined the telecom network until now.

*The solution for managing this growth without straining the network boils down to **shifting network control from hardware to software.**”*

*John Donovan, Senior Executive VP
AT&T Technology & Operations*

Top-Tier Adoption Begins, cont.

“AT&T's increasing ability to adjust network equipment using software will mean that business customers can get a new service in just a couple of days, instead of 2-3 months. Other services, such as increasing bandwidth for customers, will take minutes as opposed to 30-45 days.”

*John Donovan, Senior Executive VP of
AT&T Architecture, Technology & Operations*

New Access for Small Players

“If there's one lesson to be learned from the move to IP, it's that technology disruption changes the competitive landscape. And that will happen again with NFV...

There are signs of a surge in NFV-based service creativity.”

Ray Le Maistre, Light Reading, May 2015