

RADCOM LTD
Form 424B5
October 17, 2017

The information contained in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. A registration statements relating to the securities has been declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)
Registration No. 333-210448

SUBJECT TO COMPLETION, DATED OCTOBER 17, 2017

PRELIMINARY PROSPECTUS SUPPLEMENT
(To prospectus dated May 4, 2016)

\$

RADCOM Ltd.

Ordinary Shares

We are offering up to \$ of our ordinary shares. Our ordinary shares are listed on the NASDAQ Capital Market under the symbol "RDCM." On October 16, 2017, the last reported sales price of our ordinary shares on the NASDAQ Capital Market was \$20.75 per share.

Investing in our ordinary shares involves a high degree of risk. Before buying any shares, you should review carefully the risks and uncertainties described under the heading "Risk Factors" beginning on page S-6 of this prospectus supplement, on page 3 of the accompanying prospectus, under Item 3.D. — "Risk Factors" in our most recent Annual Report on Form 20-F and under similar headings in the other documents that are incorporated by reference into this prospectus supplement.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions ⁽¹⁾	\$	\$
Proceeds to us, before expenses	\$	\$

⁽¹⁾ The underwriters will also be reimbursed for certain expenses incurred in this offering. See "Underwriting" for details.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We have granted the underwriters an option for a period of 30 days to purchase up to an additional of 15% of our ordinary shares. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be \$ and the total proceeds to us, before expenses, will be \$.

Delivery of the ordinary shares is expected to be made on or about October , 2017.

Joint Book-Running Managers

William BlairNeedham & Company

The date of this prospectus is October , 2017

TABLE OF CONTENTS

	Page
<u>About this Prospectus Supplement Prospectus Supplement Summary Risk Factors Cautionary Statement Regarding Forward-Looking Statements Use of Proceeds Price Range of Ordinary Shares Dividend Policy Capitalization Dilution Underwriting Legal Matters Experts Enforceability of Civil Liabilities Where You Can Find More Information and Incorporation of Certain Information by Reference</u>	S-ii S-1 S-6 S-8 S-9 S-9 S-11 S-10 S-10 S-12 S-15 S-15 S-15 S-16
<u>Prospectus About this Prospectus Summary Risk Factors Warning Regarding Forward-Looking Statements Capitalization Reasons for the Offer and Use of Proceeds Price Range of our Ordinary Shares</u>	1 2 3 3 3 4 4 4 4 5

<u>Description of our Ordinary Shares</u>	
<u>Plan of Distribution</u>	6
<u>Expenses</u>	7
<u>Legal Matters</u>	8
<u>Experts</u>	8
<u>Where You Can Find More Information and Incorporation of Certain Information By Reference</u>	
<u>Enforceability of Civil Liabilities</u>	9

ABOUT THIS PROSPECTUS SUPPLEMENT

A registration statement on Form F-3 (File No. 333-210448) utilizing a shelf registration process relating to the securities described in this prospectus supplement was initially filed with the Securities and Exchange Commission, or the SEC, on March 29, 2016, and was declared effective on May 4, 2016. Under this shelf registration statement, of which this offering is a part, we may, from time to time, sell up to an aggregate of \$50 million of our ordinary shares. Prior to this offering, we have sold \$23 million of our ordinary shares under this shelf registration statement.

This document contains two parts. The first part is this prospectus supplement, which describes the terms of this offering of our ordinary shares, and also adds to, updates and changes information contained in the accompanying prospectus and the documents incorporated herein and therein by reference. The second part is the accompanying prospectus, which gives more general information about us, some of which may not apply to this offering. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document filed prior to the date of this prospectus supplement and incorporated herein by reference, the information in this prospectus supplement will control. In addition, this prospectus supplement and the accompanying prospectus do not contain all of the information provided in the registration statement that we filed with the SEC. For further information about us, you should refer to that registration statement, which you can obtain from the SEC as described elsewhere in this prospectus under "Where You Can Find More Information and Incorporation of Certain Information by Reference." You may obtain a copy of this prospectus supplement, the accompanying prospectus and any of the documents incorporated by reference without charge by requesting it from us in writing or by telephone at the following address or telephone number: Radcom Ltd, 24 Raoul Wallenberg Street, Tel Aviv 69719 Israel, Telephone: +972 77-774-5000.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement and the accompanying prospectus. This prospectus supplement is not an offer to sell or solicitation of an offer to buy these securities in any circumstances under which the offer or solicitation is unlawful. We are offering to sell, and seeking offers to buy, our securities offered hereby only in jurisdictions where offers and sales are permitted. You should not assume that the information we have included in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement or the accompanying prospectus, respectively, or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement or of any of our securities. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless the context otherwise requires, all references in this prospectus supplement to "we," "our," "our company," "Radcom," "us" and the "company" refer to Radcom Ltd., an Israeli company.

All references in this prospectus supplement to "ordinary shares" refer to Radcom's ordinary shares, par value NIS 0.20 per share. We sometimes refer to our ordinary shares to be offered under this prospectus supplement as the "securities."

All references to "NIS" are to New Israel Shekels, the lawful currency of Israel.

All references to "dollars" or "\$" are to United States dollars, the lawful currency of the United States.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before investing in our securities. You should carefully read the entire prospectus supplement and the accompanying prospectus, including the "Risk Factors" sections, starting on page S-6 of this prospectus supplement, on page 3 of the accompanying prospectus and under Item 3.D. — "Risk Factors" in our most recent Annual Report on Form 20-F, as well as the financial statements and notes thereto, and the other information incorporated by reference herein, before making an investment decision.

Radcom Ltd.

Overview

We believe we are a leading provider of Network Functions Virtualization, or NFV, service assurance and customer experience management solutions for communication service providers, or CSPs, who use our solutions to deliver high quality services, reduce churn, manage network performance, analyze traffic and enhance customer care. For more than three years, we have been a leading provider of software-based solutions and cloud native virtualized solutions.

MaveriQ, our cloud native and NFV-based software platform, incorporates cutting-edge technologies and a wealth of knowledge acquired by partnering with many of the industry's leading CSPs for over two decades. Our carrier-grade solutions support both mobile and fixed networks and scale to terabit data bandwidths to enable big data analytics. We have a strong track record of innovation, and we were the first-to-market with a software-based probe solution that is cloud native and supports NFV for next-generation software-centric networks.

AT&T chose our MaveriQ solution in December 2015 for its next-generation virtualized network environment, and since that time we have continued to evolve our solution to meet the high-level requirements of AT&T, as they transform their network to NFV. We believe that AT&T's deployment represents the first NFV network of scale in the industry. We are continuing with the deployment of our software-based NFV solution with AT&T, while deepening, expanding and enhancing our product capabilities, to ensure the best performance of service assurance in an NFV environment.

Since the AT&T virtualization plan is a major transformation in the industry and since AT&T is a very large scale carrier with a very large network, we have created MaveriQ A+ product releases focused on the needs of the top tier carriers, focused on very large scale deployments, high availability, geographic redundancy and advanced automation of deployments and automatic scaling and resolving errors of virtual probes. The ongoing work we do with AT&T has put us in a unique first mover position where our technology, coupled with the knowledge we have, and continue to gain, is valuable to CSPs migrating to NFV. We believe that the market recognizes that we have a cutting edge and a differentiated product from our competitors. We are leveraging this success in marketing activities and technical evaluations with other CSPs that are planning the migration of their networks to the next-generation NFV architecture.

Our solutions deliver specialized capabilities for virtualized infrastructure and next-generation mobile and fixed networks, such as Long Term Evolution (LTE), LTE-A, Voice over Long Term Evolution (VoLTE), IMS, Voice Over IP (VoIP), WiFi, Voice Over WiFi (VoWiFi), UMTS/GSM and mobile broadband and allow CSPs to monitor and proactively improve quality of experience for their subscribers. The key benefits of our solutions are:

- advanced software-based architecture that is cloud native and includes a high degree of automation;

greater ability to install the solution as a virtual network functions for seamless integration into all NFV infrastructures;

·ease and accelerated deployment of new services and migration to NFV;

·improved customer retention;

·reduced subscriber churn rates;

·improved service availability and quality;

·unique ability to correlate session information and provide an end to end view;

·scalability for next-generation services;

S - 1

- enhanced ability to collect all network packets for a complete and comprehensive view of the network and the customer experience;
- increased operational efficiency and lower costs;
- the inclusion of support for multiple protocols for end-to-end network coverage;
- the existence of both network-wide views and drilldown to an individual subscriber level;
- the support for terabyte networks;
- substantially quicker and smoother deployment of our solution;
- real-time capabilities; and
- end to end view of the customer experience.

The probe-based service assurance market is estimated to be more than \$1 billion globally according to published sources. Probe solutions are a critical part of a modern CSP network, and as CSPs expand their network capacity and launch new services, such as LTE, LTE-A, and VoLTE, they invest in probe solutions to assure these services and deliver a high quality experience to their customers. Traditionally CSPs have deployed network architectures based on a complex array of physical network elements based on proprietary hardware.

Major CSPs are currently evaluating and/or moving parts of their network to support NFV, which moves control of the network into software-based solutions running on standard, non-proprietary third-party hardware. According to Infiniti Research, Inc., the global market for NFV software was valued at \$2.43 billion in 2015 and will reach \$10.33 billion by 2020, growing at a compound annual growth rate of 33.57%.

However, transitioning to NFV adds significant complexity when it comes to service assurance and customer experience management. Legacy probe and management solutions were not designed for NFV-based architectures. Whereas prior solutions focused on monitoring physical network devices, new solutions must also monitor internal Virtual Machine-to-Virtual Machine (VM-to-VM) communications between various virtualized network functions all hosted on the same server as well as communications between servers.

Our software-based solutions enable CSPs to manage next-generation, NFV-based architectures, in addition to existing physical networks. Our service assurance and customer experience management solutions monitor large volumes of data and support NFV-based network deployments, which are required by the substantial growth the CSPs need to support.

As new and existing customers seek to manage their existing networks while deploying or evaluating NFV-based architectures, we believe we are well positioned with our advanced cloud native and NFV-based solutions and industry track record.

In the last year, we have enhanced and expanded our presence in North America, to accommodate the growing needs of present and potential customers.

Our principal executive offices are located at 24 Raoul Wallenberg Street, Tel Aviv 69719 Israel, and our telephone number is +972 77-774-5000. Our U.S. office is located at 6 Forest Avenue, Paramus, New Jersey, 07652.

Recent Developments

In September 2017, we entered into a new NFV contract with a world leading top tier CSP for our fully virtualized cloud native MaveriQ solution. The NFV contract covers assurance for a virtualized network domain, which is the first part of the network which the CSP is moving to NFV. This contract provides a framework for additional orders by the operator as this operator progresses in its NFV migration plans. The revenue from this contract is dependent on, among other factors, the pace of the migration of traffic and additional network elements to the NFV network by this operator. We expect that the revenue from this initial phase may contribute over \$5 million of revenues in 2018 and can potentially grow above that within the contract's framework.

We are in the final stages of signing a three year contract extension with an existing leading Tier 1 CSP in the APAC region to continue to provide and expand service assurance for their mobile network, and assure their future transformation to NFV. This three-year contract, together with an expansion contract signed earlier in 2017, is for total compensation of approximately \$15 million.

Below is a summary of certain preliminary estimates regarding our financial results for the quarter ended September 30, 2017. This preliminary financial information is based upon our estimates and is subject to completion of our financial closing procedures. Moreover, this preliminary financial information has been prepared solely on the basis of information that is currently available to, and that is the responsibility of, management. Our independent registered public accounting firm has not audited or reviewed, and does not express an opinion with respect to this information. This preliminary financial information is not a comprehensive statement of our financial results for the quarter ended September 30, 2017 and remains subject to, among other things, the completion of our financial closing procedures, final adjustments, and completion of our internal review for the quarter ended September 30, 2017, which may materially impact the results and expectations set forth below.

Our estimated, unaudited revenue for the quarter ended September 30, 2017 was approximately \$9.6 million compared to \$7.7 million for the quarter ended September 30, 2016.

Our estimated unaudited cash and cash equivalents as of September 30, 2017 were approximately \$33.6 million compared to \$42.9 million as of December 31, 2016.

THE OFFERING

Ordinary shares offered shares (shares, if the underwriters exercise their option to purchase additional shares in full)

Ordinary shares outstanding prior to the offering 11,717,389 shares

Ordinary shares to be outstanding after this offering shares (shares, if the underwriters exercise their option to purchase additional shares in full)

Option to purchase additional shares We have granted the underwriters an option for a period of 30 days after the date of the underwriting agreement to purchase up to \$ million additional ordinary shares as described in "Underwriting."

Use of proceeds We expect the net proceeds from this offering will be approximately \$ million (or \$ million if the underwriters exercise their option to purchase additional shares in full) after deducting underwriting discounts and commissions, as described in "Underwriting," and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, which include financing our operations, capital expenditures and corporate development. See "Use of Proceeds" on page S-9 of this prospectus supplement.

Risk factors This investment involves a high degree of risk. See "Risk Factors" beginning on page S-6 of this prospectus supplement, on page 3 of the accompanying prospectus and in the documents incorporated by reference herein (including under Item 3.D. — "Risk Factors" in our most recent Annual Report on Form 20-F) for a discussion of the risks you should carefully consider before deciding to invest in our ordinary shares.

NASDAQ Capital Market symbol "RDCM"

Unless otherwise stated, all information in this prospectus supplement is based on 11,717,389 ordinary shares outstanding as of October 16, 2017 and assumes no exercise of the underwriters' option to purchase additional shares and does not include 602,802 ordinary shares issuable upon the exercise of share options outstanding under our 2003 Share Option Plan and our 2013 Share Option Plan, at a weighted average exercise price of \$11.65 per share and 161,854 ordinary shares issuable upon the vesting of outstanding restricted share units.

SUMMARY CONSOLIDATED FINANCIAL DATA

We have derived the following summary consolidated statements of operations data for the years ended December 31, 2016, 2015 and 2014 and the summary consolidated balance sheet data as of December 31, 2016, 2015 and 2014 from our audited consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. We derived the summary consolidated financial data as of June 30, 2017, and for the six months ended June 30, 2017 and 2016, from our unaudited condensed consolidated financial information incorporated by reference in this prospectus supplement and the accompanying prospectus. The unaudited condensed financial data as of and for the six months ended June 30, 2017, in the opinion of management, contains all adjustments (consisting of only normal recurring adjustments) necessary to present fairly our financial position and results of operations for the period. Our interim results as of and for the six months ended June 30, 2017 are unaudited and we cannot assure you that upon completion of the audit by our independent auditors of our results for the year ending December 31, 2017, we will not report different financial results than those set forth below. Further, our results for interim periods are not necessarily indicative of the results that may be expected for the entire year. You should read the information presented below together with our consolidated financial statements, the notes to those statements and the other financial information incorporated by reference in this prospectus supplement and the accompanying prospectus.

Statement of Operations Data:

(in thousands of U.S. dollars, except share and per share amounts)

	Six Months Ended		Year Ended		
	June 30, 2017 (unaudited)	2016 (unaudited)	2016	2015	2014
Revenues:					
Products and related services	\$4,978	\$822	\$8,642	\$15,500	\$18,342
Projects	10,633	11,425	17,534	622	2,205
Warranty and support	1,346	1,500	3,334	2,551	3,089
	16,957	13,747	29,510	18,673	23,636
Cost of revenues:					
Products and related services	2,294	1,880	5,603	3,924	7,863
Projects	2,207	1,812	2,902	117	487
Warranty and support	164	137	477	285	343
	4,665	3,829	8,982	4,326	8,693
Gross profit	12,292	9,918	20,528	14,347	14,943
Operating expenses:					
Research and development	5,227	3,468	8,047	6,071	5,812
Less - royalty-bearing participation	312	756	1,693	1,582	1,664
Research and development, net	4,915	2,712	6,354	4,489	4,148
Sales and marketing, net	5,886	3,259	8,528	7,834	7,295
General and administrative	2,158	2,027	4,523	2,393	2,262
Total operating expenses	12,959	7,998	19,405	14,716	13,705
Operating (loss) income	(667)	1,920	1,123	(369)	1,238
Financial income (expenses), net	150	736	816	(433)	(332)

Edgar Filing: RADCOM LTD - Form 424B5

(Loss) income before taxes on income	(517	)	2,656	1,939	(802	)	906
Taxes on income	(23	)	(6	)	(24	)	(180
)
Net (loss) income	(540	)	2,650	\$1,915	\$(923	)	\$726
Basic net (loss) income per ordinary share	\$(0.05	)	\$0.28	\$0.18	\$(0.11	)	\$0.09
Weighted average number of ordinary shares used to compute basic net (loss) income per ordinary share	11,673,240		9,322,930	10,406,897	8,572,681		8,088,974
Diluted net (loss) income per ordinary share	\$(0.05	)	\$0.27	\$0.18	\$(0.11	)	\$0.08
Weighted average number of ordinary shares used to compute diluted net (loss) income per ordinary share	11,673,240		9,733,037	10,779,547	8,572,681		8,592,387
<u>Balance Sheet Data:</u>							
Working capital	\$40,086		\$36,830	\$38,854	\$9,643		\$10,062
Total assets	\$53,906		\$56,889	\$54,568	\$20,135		\$20,318
Shareholders' equity	\$41,486		\$37,377	\$40,143	\$9,863		\$10,262
Share capital	\$530		\$510	\$523	\$372		\$361

S - 4

RADCOM Ltd.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION

(1000s of dollars, except share and per share data)

	Six months		Year ended		
	ended June 30, (unaudited) 2017	ended June 30, (unaudited) 2016	ended December 31, (unaudited) 2016	ended December 31, (unaudited) 2015	ended December 31, (unaudited) 2014
GAAP gross profit	12,292	9,918	20,528	14,347	14,943
Stock-based compensation	67	42	118	33	12
Importation tax write-off	-	-	388	-	-
Inventory write-off	-	-	-	170	1,797
Non-GAAP gross profit	12,359	9,960	21,034	14,550	16,752
GAAP research and development, net	4,915	2,712	6,354	4,489	4,148
Stock-based compensation	242	239	625	529	178
Non-GAAP research and development, net	4,673	2,473	5,729	3,960	3,970
GAAP sales and marketing, net	5,886	3,259	8,528	7,834	7,295
Stock-based compensation	272	51	199	380	146
Commission write-off	-	-	-	-	176
Non-GAAP sales and marketing, net	5,614	3,208	8,329	7,454	6,973
GAAP general and administrative	2,158	2,027	4,523	2,393	2,262
Stock-based compensation	659	355	1,529	467	243
Non-GAAP general and administrative	1,499	1,672	2,994	1,926	2,019
GAAP total operating expenses	12,959	7,998	19,405	14,716	13,705
Stock-based compensation	1,173	645	2,353	1,376	567
Commission write-off	-	-	-	-	176
Non-GAAP total operating expenses	11,786	7,353	17,052	13,340	12,962
GAAP operating (loss) income	(667)	1,920	1,123	(369)	1,238
Stock-based compensation	1,240	687	2,471	1,409	579
Importation tax write-off	-	-	388	-	-
Inventory write-off	-	-	-	170	1,797
Commission write-off	-	-	-	-	176
Non-GAAP operating income	573	2,607	3,982	1,210	3,790
GAAP (loss) income before taxes on income	(517)	2,656	1,939	(802)	906
Stock-based compensation	1,240	687	2,471	1,409	579
Importation tax write-off	-	-	388	-	-
Inventory write-off	-	-	-	170	1,797
Commission write-off	-	-	-	-	176
Non-GAAP income before taxes on income	723	3,343	4,798	777	3,458
GAAP net (loss) income	(540)	2,650	1,915	(923)	726
Stock-based compensation	1,240	687	2,471	1,409	579
Importation tax write-off	-	-	388	-	-

Edgar Filing: RADCOM LTD - Form 424B5

Inventory write-off	-	-	-	170	1,797
Commission write-off	-	-	-	-	176
Non-GAAP net income	700	3,337	4,774	656	3,278
GAAP net (loss) income per diluted share	(0.05)	0.27	0.18	(0.11)	0.08
Stock-based compensation	0.11	0.07	0.22	0.16	0.07
Importation tax write-off	-	-	0.04	-	-
Inventory write-off	-	-	-	0.02	0.21
Commission write-off	-	-	-	-	-