



Eyal Harari – CEO

Thanks, operator. Good morning, everyone, and thank you for joining us for our first-quarter 2022 earnings call.

As you may have seen early today we announced that DISH selected RADCOM to monitor their new 5G cloud network. This exciting news continues the positive momentum since the start of 2022. This is the second new 5G customer win that brings us to a total of \$50 million dollars in new contracts this year.

Our first quarter was another quarter of solid revenue growth while, at the same time, we significantly improved our bottom line. Revenues grew 16% (sixteen) percent year-over-year for the first quarter reaching \$10.6 (ten point six) million dollars. This is our 11th (eleventh) straight quarter of revenue growth year-over-year, and I am very pleased with our results.

DISH

As mentioned DISH selected RADCOM to monitor America's first 5G Smart Network. DISH Wireless announced a few years ago that they plan to deploy a 5G network capable of serving 70% of the U.S. population by June 2023. DISH started this nationwide rollout at the beginning of the month by launching first in Las Vegas. DISH announced in their recent earnings call that they expect to launch in about 25 markets by June. We feel proud to be DISH's assurance partner as they begin to rollout America's first 5G Smart Network.

DISH selected RADCOM because they wanted a best-in-class assurance solution that seamlessly integrates into the cloud. RADCOM ACE will monitor their standalone 5G network, the first fully deployed on the public cloud. Our cloud technology will run on Amazon Web Services (AWS) and help DISH launch 5G smoothly and monitor the service quality across its nationwide rollout.

Contract in Europe

Last month, we announced a multi-year 5G assurance contract win with a mobile network in Europe. This new order covers assurance for this European operator's 5G network. RADCOM ACE will enable the operator to monitor its end-to-end 5G network performance and provide end-to-end visibility that helps the operator make real-time data-driven decisions and proactively improve the network performance, ensuring top-quality services are delivered to its customers.

These wins were achieved based on our innovative cloud technology and the advanced capabilities of Radcom ACE, which provides an intelligent automated assurance platform built

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for the cloud and 5G. We believe they strengthen our position as a 5G assurance provider and are an important acknowledgment of our leadership in this market. Therefore, we expect Radcom ACE to gain further interest from operators and play an essential role in facilitating the transition to 5G.

5G strategy

With these two new customers and previous wins, our 5G strategy is paying off. At the same time, we remain focused on capturing the growth potential we see in our current sales pipeline with both new and existing customers.

We also see good momentum for the 5G market in the mid and long term and believe it will be a catalyst for growth as the market ramps up, creating more sales engagements that can bring additional multi-year contracts and increase market share. So, we believe that our 5G strategy provides us with a foundation for future revenue growth beyond our current sales engagements.

R&D investment

With the market evolving rapidly, our continued investment in research and development to extend our technological leadership within this space is vital. We believe this to be a key enabler for our future business. We will continue to invest strategically in R&D to enhance our Radcom ACE solution, increase our 5G capabilities, expand our AI-driven insights, and seamlessly integrate our solution to the cloud. All these capabilities are aligned with market needs and have already borne fruit, as noted with our recent wins.

Sales pipeline

Our pipeline continues to be healthy and expands while having a good mix of opportunities from our current installed base and new customers. We also see positive momentum with the number of engagements, the level of engagements, and our pipeline's total addressable market size.

We believe that our positioning as a best-in-class assurance provider for cloud-native, 5G networks and our cloud expertise and knowledge will continue to drive positive returns. The bottom line is that demand looks strong, and we have a solid pipeline of opportunities that has the potential to increase our market share.

Turning to the install base.

AT&T

Last month, we announced that AT&T renewed its multi-year assurance contract with RADCOM as we entered our sixth year of partnership with this leading telecom operator. With this

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contract, we have a significant backlog that provides good visibility into 2022, and we expect our business with AT&T to remain strong as we continue our partnership.

AT&T mentioned in their recent earnings call that their net promoter scores are up year-over-year. In addition, they are experiencing historically low churn levels, which they assigned to the improvements to the customer experience.

We believe that assurance solutions are vital for monitoring service quality and ensuring a good customer experience. Therefore, we continue delivering cutting-edge software releases as we support the evolution of their network and monitor the customer experience as they continue evolving their underlying network infrastructure to the cloud.

Rakuten

Rakuten Mobile achieved very high scores in a newly published report from Umlaut, which compared network performance in Tokyo with other cosmopolitan cities all over the world. This report demonstrates how Rakuten Mobile has deployed a high-performing, quality network in Japan at lightning speed using the latest cutting-edge technology that competes with leading operators worldwide.

Rakuten has stated our solution's importance in supporting their journey as they build the world's first fully virtualized network. Our solution provides end-to-end service and subscriber visibility in a cloud-native environment and is vital to help them ensure network performance and automate their network operations.

We are delighted with the progress in our partnership with Rakuten. We continue to develop our solution using the latest cloud-based deployment processes to provide state-of-the-art software releases as their network continually evolves. We believe this work will continue helping our product mature and provide valuable experience when more operators implement standalone 5G and look to our 5G standalone assurance expertise.

Telecom Market

In February, our sales team attended the Mobile World Congress in Barcelona, Spain, the leading telecom industry event. The event was held in person after a couple of years due to COVID limitations.

As we covered in a recent blog post that summarized the congress, we saw evidence of our belief that real-time analysis through automated assurance will be vital for 5G network operations. Operators need to make their networks more intelligent, dynamic, and autonomous to deliver quality 5G services. Strong themes at the congress were the transition to 5G standalone, cloud-based networks, public cloud providers, and Rakuten Symphony. All these are areas of interest for RADCOM, and inquiries about our solutions were very positive, which we believe will lead to additional sales opportunities.

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Similar to the Mobile World Congress returning, we see that in-person industry events, in general, are starting to return. After two years of being an online event in the US, the big 5G event, the leading industry conference in North America, is back to an in-person event. We see this happening globally, which is a positive sign as we believe that in-person meetings are starting to resume. As a result, we will be able to generate more sales opportunities and advance current engagements.

We believe the 5G market remains strong while still only being at the early stages. We see that the direction and momentum of our market are very positive and aligned with our strategy. The complexity of these new 5G network architectures requires automated assurance solutions to isolate network issues, optimize performance, and provide a cornerstone to building a network with extensive automation. We also hear this from our customers.

Summary

To summarize, I am incredibly pleased with our performance at the start of the fiscal year 2022. Revenues are up year-over-year, and we improved our bottom line. In addition, we continue to receive industry-wide recognition by telecom operators rolling out advanced cloud-based 5G networks and looking for forward-looking assurance solutions to help their 5G transformation.

We are excited to win several new noteworthy multi-year assurance contracts. We were selected by DISH as the assurance vendor to monitor America's First 5G Smart Network™ and added another new customer in Europe for a further 5G assurance contract. We look forward to providing our advanced cloud-native software to help ensure great mobile experiences for more subscribers.

Our cloud and 5G assurance expertise continue to expand through multiple customer deployments, which we believe will become a key differentiator as the market gains momentum. We are helping operators make data-driven decisions in real-time by transitioning to software-based, more intelligent, and more automated networks.

I am confident of our future success and the business strategy we are pursuing, with our innovative cloud-native offering and the role we expect to play in the 5G transformation.

Based on our recent wins that provide greater visibility and our healthy pipeline of opportunities, we are optimistic about our ability to deliver a growth year above our initial revenue guidance provided in February. Therefore, we are increasing our fiscal 2022 revenue guidance from a range of 42 (forty-two) to 45 (forty-five) million dollars to a range of 43 (forty-three) to 47 (forty-seven) million dollars.

With that, I would like to turn the call over to Hadar Rahav, our CFO, who will discuss the financial results in detail.

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Hadar Rahav – CFO

Thank you, Eyal, and good morning, everyone.

Now please turn to Slide 8 for our financial highlights. To help you understand the results, I will refer mainly to non-GAAP numbers, which exclude share-based compensation. We ended the first quarter of 2022 with \$10.6 (ten-point six) million dollars in revenue, increasing from \$9.1 (nine-point one) million dollars in the first quarter of 2021. We are pleased with our consistent growth trend, representing an eleventh consecutive quarter of year-over-year growth

Our gross margin in the first quarter of 2022 on a non-GAAP basis was 74% (seventy-four) percent. Please note that our gross margin can fluctuate depending on the revenue mix.

Our gross R&D expenses for the first quarter of 2022 on a non-GAAP basis were 4.9 (four-point nine) million dollars, a slight increase of 113 (one hundred thirteen) thousand dollars compared to the first quarter of 2021.

We received a grant of 218 (two hundred eighteen) thousand dollars from the Israel Innovation Authority during the quarter, compared to a grant of 68 (sixty-eight) thousand dollars in the first quarter of last year.

As a result, our net R&D expenses for the first quarter of 2022 on a non-GAAP basis were 4.7 (four point seven) million dollars, compared to 4.8 (four point eight) million dollars in the first quarter of 2021.

We expect the Israel Innovation Authority grant in the second quarter to be at a similar level as in the first quarter.

Sales and marketing expenses for the first quarter of 2022 were 2.6 (two-point six) million dollars on a non-GAAP basis, increasing 227 (two hundred twenty-seven) thousand dollars compared to the first quarter of 2021.

G&A expenses for the first quarter of 2022 on a non-GAAP basis were 825 (eight hundred twenty-five) thousand dollars with no significant change from the first quarter of 2021.

Operating loss on a non-GAAP basis for the first quarter of 2022 was 274 (two hundred seventy-four) thousand dollars compared to an operating loss of 1,130 (one million one hundred thirty) thousand dollars for the first quarter of 2021.

Net income for the first quarter of 2022 on a non-GAAP basis was 614 (six hundred fourteen) thousand dollars or a net income of 0.04 (four cents) per diluted share compared to a net loss of 1,030 (one million thirty) thousand dollars or a net loss of 0.07 (seven cents) per diluted share for the first quarter of 2021. The positive net income was due to financial income derived from interest and fluctuations of foreign exchange.

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On a GAAP basis, as you can see on Slide 7, our net loss for the first quarter of 2022 was 0.6 (zero point six) million dollars, or a net loss of 0.04 (four cents) per diluted share, compared to a net loss of 1.7 (one-point seven) million dollars, or a net loss of 0.12 (twelve cents) per diluted share, for the first quarter of 2021.

At the end of the first quarter of 2022, our headcount was 286 (two hundred eighty-six).

Turning to the balance sheet.

As you can see on Slide 11, our cash, cash equivalents, and short-term bank deposits as of March 31, 2022, were 70.9 (seventy point nine) million dollars.

That ends our prepared remarks. I will now turn the call back to the operator for your questions.