



***Ladies and gentlemen, thank you for standing by. The conference will begin shortly.**

Veidan Conference Coordinator

Ladies and gentlemen, thank you for standing by. Welcome to the **RADCOM Limited Results Conference Call for the Fourth Quarter of 2024.**

All participants are present in a listen-only mode. Following management's formal presentation, instructions will be given for the question-and-answer session. For operator assistance during the conference, please press star zero.

As a reminder, this conference is being recorded and will be available for replay on the Company's website at www.radcom.com later today. On the call are **Benny Eppstein, RADCOM's CEO, and Hadar Rahav, RADCOM's CFO.**

Please note that management has prepared a presentation for your reference that will be used during the call. If you have not downloaded it yet, you may do so through the link in the investors section of RADCOM's website at www.radcom.com/investor-relations.

Before we begin, I would like to review the safe harbor provision.

This conference call will contain forward-looking statements. Forward-looking statements in the conference call involve several risks and uncertainties, including, but not limited, to the Company's statements about its innovation, expanding its business, leading the company into a new phase of growth and success, its expectation to drive sustainable, profitable growth while enhancing shareholder value, its expectations regarding collaborations with key strategic

operators, exploiting opportunities, including in offering its solution to mid-tier operators, its expectation to introduce new product offerings to a broader audience and the productization of RADCOM ACE, backlog, its investment in R&D to enhance its leadership in 5G assurance and network intelligence, the expected benefits of its AI-driven assurance solutions, the expected synergies from the Continual acquisition, the potential in its collaboration with ServiceNow to drive additional business, its expectations regarding the dollar-shekel ratio, its expectations with respect to research and development and sales and marketing expenses, grants from the Israel Innovation Authority and its full-year 2025 revenue guidance and future growth and profitability. The Company does not undertake to update forward-looking statements.

The full safe harbor provisions, including risks that could cause actual results to differ from these forward-looking statements, are outlined in today's press release and the Company's SEC filings.

In this conference call, management will refer 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 stock-based compensation expenses, financial income (expenses), acquisition-related expenses, and amortization of intangible assets related to acquisitions, non-GAAP results provide information helpful in assessing RADCOM's core operating performance and evaluating and comparing the results of operations consistently 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 included in the quarter's earnings release, available on our website.

Now I would like to turn over the call to **Benny**. Please go ahead.

Management's Formal Presentation

Benny

Thank you, operator. Good morning, everyone, and welcome to RADCOM's fourth-quarter and full-year 2024 earnings call. We appreciate you taking the time to join us today.

I am excited to lead RADCOM, a company transforming the assurance market for 5G. Working closely with our talented team, I am focused on driving innovation, expanding our business, and leading the company into an exciting new phase of growth and success. Both organic initiatives and strategic expansion opportunities will fuel this journey. I believe that our strategy can drive sustainable, profitable growth while enhancing shareholder value. Later in the call, I will share more details on this strategy and some opportunities we can unlock to grow the business.

Turning to the results on slide 7.

2024 was a record-breaking year for RADCOM, driven by exceptional team execution and remarkable achievements. We exceeded the midpoint of our full-year revenue guidance, marking our fifth consecutive year of growth while significantly enhancing profitability. Earnings per share surged by over 75% on a GAAP basis, and we achieved the highest cash and short-term deposit balances in the company's history—\$94.7 million—all while remaining completely debt-free.

Our record-breaking performance showcases the strength of our cloud and Gen AI-based assurance solution, which telecom operators need to enhance efficiency and provide exceptional customer experiences.

These achievements would not have been possible without our teams' outstanding execution and unwavering commitment to meeting our customers' evolving needs. Thanks to their dedication, we closed 2024 stronger than ever, reinforcing our competitive position in the market.

As shown on slide 8, we announced earlier this year that we secured a new multi-year contract with Norlys, the owner of Telia Denmark. After an extensive selection process involving numerous competitors, we replaced the incumbent assurance vendor, reinforcing our position as a trusted partner for disruptive telcos. This win highlights the growing value of our intelligent assurance—enhanced by Gen AI in empowering telecom operators.

As a reminder, Norlys selected RADCOM ACE to monitor customer experiences across its 5G and 4G networks. Our solution provides end-to-end network analytics across Denmark, from the RAN to the core, delivering vendor-agnostic insights that enable engineers to make informed decisions to optimize network performance and quality.

Turning to our installed base

We believe our collaborations with key strategic operators will continue to bear fruit as we introduce new cutting-edge AI and Gen AI-based capabilities to support network management and improve customer satisfaction.

As published and noted on slide 9, in the Oricon Customer Satisfaction Survey of Mobile Carriers, Rakuten Mobile again claimed the top spot for the second year. Also, Umlaut's latest NYC Audit Report states that Boost Mobile has been recognized as the best and most reliable network in New York City.

We are happy that these customers continue to receive industry recognition and delighted that we can contribute to their success. With multi-year contracts in place and the ongoing development of innovative AI and automation-driven capabilities, we believe our business remains strong. We look forward to driving even more success as we help our customers enhance operational efficiency and elevate customer experiences.

With that, I'm thrilled to share that we recently received a certificate of appreciation from Rakuten Mobile for our contribution to enhancing their network quality.

Turning to the telecom market

Operators are increasingly deploying standalone 5G networks as they transition to more capable, modern cloud networks. These networks will support more automation, leading to greater efficiency and cost reductions.

We remain laser-focused on innovation, generative AI, and automation, consistently investing in research and development (R&D) to enhance our leadership in 5G assurance and assist telecom operators as they transition to standalone 5G.

See slide 10.

As operators increasingly transition to standalone 5G, we see significant potential in offering our intelligent assurance solution to mid-tier operators. To seize this opportunity, we are productizing our industry-leading 5G assurance solution, RADCOM ACE, into a scalable, flexible package designed to meet the needs of operators of all sizes.

This approach will enable us to introduce new product offerings to a broader audience, ranging from full-scale deployments and mid-tier implementations to limited-scope lab environments. We will soon provide further updates on the productization of RADCOM ACE.

Please turn to slide 11.

As our recent press release noted, we are collaborating with ServiceNow to drive additional business. Our solution integrates with ServiceNow to automate service and complaint resolution for telecom operators. This collaboration leverages AIOps to drive network efficiencies and enhance customer satisfaction with combined service management and service assurance solutions.

RADCOM's integration with ServiceNow is expected to help ServiceNow customers create best-in-class subscriber experiences while reducing network engineering time and effort.

The seamless integration of Continual's core technology, acquired in May 2023, has significantly enhanced our integration with ServiceNow by including state-of-the-art radio analytics, reinforcing our leadership in network intelligence.

The synergies from this acquisition remain promising. As a reminder, integrating Continual's technology was pivotal in securing a seven-figure, multi-year deal in the third quarter of 2024 with a leading North American operator for RADCOM's enhanced mobility experience analytics solution.

Turn to slide 12.

I noted that AIOps is increasingly leveraged to drive network efficiencies and enhance customer satisfaction with telecom operators. AIOps integrates AI and analytics into standard network operations. However, before fully embracing AI, operators must ensure they have the right datasets and analytical frameworks. This is where RADCOM comes in. With years of experience in the telecom industry, we analyze network data from the end user's perspective, providing a strong data foundation for AI-driven automation. Leveraging this foundation, we use AI to improve automation and service quality, providing more intelligent network operations, deeper customer insights, and more efficient automation.

Turn to slide 13. In brief, we continue actively showcasing our offerings to existing and potential customers at key industry events as part of our go-to-market efforts.

We will also participate in the Mobile World Congress in Barcelona in early March.

We will showcase a demo with ServiceNow and Amazon Web Services. We will present the integration of our innovative solution, with ServiceNow leveraging AIOps to provide ticket validation and prioritization to significantly reduce the time and effort network engineers spend investigating and resolving technical issues and complaints.

We will attend the Nvidia GTC AI Conference in March, where we look forward to engaging directly with telecom operators and partners. This event presents a valuable opportunity to foster new technology partnerships and drive sales growth.

See slide 14.

I am thrilled to share that the company has received notable industry recognition. We were recently named the winner of the Fierce Network Innovation Award for Best Network Test & Measurement Solution. This award celebrates our solution's innovative approach to collecting real-time subscriber insights, utilizing advanced artificial intelligence (AI) to enhance operators' understanding of the customer experience. It also significantly reduces environmental impact and improves the efficiency of engineering teams.

To summarize. See slide 15.

2024 was a record-breaking year for RADCOM, marking the continuation of five years of strong growth momentum. Our robust sales and marketing efforts highlight the increasing demand for our solutions. We remain focused on expanding our business, which we expect to achieve by acquiring profitable customers and operating it efficiently.

With our strong backlog, RADCOM is well positioned to achieve a sixth consecutive year of revenue growth in 2025. We anticipate full-year 2025 revenue growth of 12% to 15%, with a midpoint of \$69.2 million—representing a 13.5% increase compared to 2024.

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

Hadar

Thank you, Benny, and good morning, everyone.

I will mainly focus on our non-GAAP results during this call unless otherwise stated. A reconciliation of non-GAAP to GAAP measures is included in today's presentation in slide 3. Additionally, all comparisons are on a year-over-year basis unless otherwise noted.

Now, please turn to slide 17 for our financial highlights.

We're pleased with how our team closed the year as we grow profitably.

We concluded the fourth quarter of 2024 with a record revenue of 16.3 million dollars, up 16.1% year-over-year.

Our gross margin for the fourth quarter of 2024 was 75%. Please keep in mind that our gross margin may vary based on the revenue mix.

Our gross R&D expenses for the fourth quarter of 2024 were 4.3 million dollars, up 8.9 percent year over year. This reflects our focus on innovation and portfolio expansion.

We received a grant of 113 thousand dollars from the Israel Innovation Authority during the quarter compared to 190 thousand dollars in the same quarter last year.

All innovation programs approved by the Israel Innovation Authority are nearing completion. In the first quarter, we received an additional grant of 100 thousand dollars. However, beyond this period, there is no clear visibility regarding future grants. The company has submitted new proposals, which are still in the approval phase.

Our net R&D expenses for the fourth quarter of 2024 were 4.1 million dollars, an increase of 426 thousand dollars compared to the fourth quarter of 2023.

We continue to actively promote our offerings to existing and prospective customers, which resulted in 4.1 million dollars in sales and marketing expenses for the fourth quarter of 2024 and an increase of 776 thousand dollars from the fourth quarter of 2023.

G&A expenses for the fourth quarter of 2024 were 1.2 million dollars, an increase of 191 thousand dollars from the fourth quarter of 2023.

Operating income for the fourth quarter of 2024 was 2.9 million dollars, 18.2% of revenue, and an increase of 179 thousand dollars from the fourth quarter of 2023.

Due to a lower interest rate, which reduced financial income, and higher tax expenses resulting from the use of accumulated losses, net income for the fourth quarter of 2024 remained steady at \$3.8 million, unchanged from the same period in 2023.

On a GAAP basis, as shown on slide 21, our net income for the fourth quarter of 2024 was 2.2 million dollars, a decrease of 344 thousand dollars compared to the fourth quarter of 2023.

At the end of the fourth quarter of 2024, our headcount was 307. Now let's turn to slide 22 with the full year results.

Consistent with our full year guidance, we ended 2024 with record revenue of 61 million dollars, up 18.2% from 2023. Our gross margin was 75% in 2024 compared to 74% in 2023.

Our gross R&D expenses in 2024 were 16.6 million dollars, a decrease of 273 thousand dollars compared to 2023.

In 2025, we plan to increase our investment in R&D to develop additional automation and Gen-AI-based capabilities and support our strategic partnerships and productization plans.

We received a cumulative grant from the Israel Innovation Authority of 684 thousand dollars during the year. To support our growth, Sales and marketing expenses in 2024 were 15.7 million dollars compared to 12.7 million dollars in 2023.

As telecom operators continue to invest in 5G during 2025, we expect a gradual increase in sales and marketing to support an increasing pipeline of opportunities and expand our coverage in lucrative regions.

G&A expenses for 2024 were 4.8 million dollars, an increase of 928 thousand dollars compared to the entire year of 2023.

Operating income grew 65.9% in 2024, reaching an all-time high of 9.5 million dollars, or 16% of revenue, compared to an operating income of 5.7 million dollars, or 11% in 2023.

Net income for 2024 was a record of 13.5 million dollars, representing 22% of revenue, or 83 cents per diluted share, compared to a net income of 10.2 million dollars, or 20% of revenue, or a net income of 67 cents per diluted share in 2023.

On a GAAP basis, as you can see on slide 21, our net income for 2024 was another record at 7 million dollars, or 11% of revenue or 43 cents per diluted share, compared to 3.7 million dollars, or 7% of revenue or 24 cents per diluted share in 2023.

In 2025, we believe the dollar-shekel ratio will stabilize at the current levels and does not require hedging.

Turning to the balance sheet. As shown on slide 23, our cash, cash equivalents, and short-term bank deposits as of December 31, 2024, totaled 94.7 million dollars.

Thanks to our strong results, we generated a positive cash flow of 12.5 million dollars, ending 2024 with our highest cash balance.

That concludes our prepared remarks. Thank you, and I will now turn the call back to the operator for your questions.

OPERATOR / Q&A:

Thank you. Ladies and Gentlemen, at this time, we will begin the question and answer session. If you have a question, please press * 1. If you wish to cancel your request, please press * 2.

If you are using speaker equipment, kindly lift the handset before pressing the numbers.

Your questions will be polled in the order they are received.

Please stand by while we poll for your questions.

The first question is from.....of..... please go ahead.

[I repeat, if you have a question, please press * 1.]

If there are any additional questions, please press * 1. If you wish to cancel your request, please press *2.

Please stand by while we poll for more questions.

The next question is from..... of please go ahead.

There are no further questions at this time.

This concludes the **Radcom Ltd. Fourth Quarter 2024 results** conference call.

Thank you for your participation. You may go ahead and disconnect.