RADCOM

*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 first Quarter of 2025.**

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 momentum, strategic direction and trajectory, future execution and delivery of value to customers, development of and enhancing strategic partnerships and expected benefits from collaborations, the success of new technologies to, among other things, enhance automation, pipeline,

opportunities and customer engagements, demand for its products and solutions, including AI capabilities, trends in the market, innovation, expanding its business, the expected benefits of its AI-driven assurance solutions, its expectations with respect to gross margins, 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) related to acquisitions, 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, www.radcom.com.

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

Script Q1 2025

Thank you, operator. Good morning, everyone and thank you for joining us for RADCOM's first quarter 2025 earnings call.

The first quarter has been an exciting one, marking my transition to lead RADCOM —a company driving innovation in the next-generation assurance market for 5G. I'm proud to work alongside an exceptional team, with whom I've closely collaborated to expand key business initiatives and guide the company into its next phase of growth.

Turning to slide 7, I will discuss **the results**.

This quarter we achieved another record for company revenue, reflecting a 17.5% year-over-year growth with substantial profitability improvement and cash generation. Our operating margins increased by more than 6.5% year-over-year, with $4.4 million positive cash flow. As of March 31st, 2025, RADCOM had cash and cash equivalents, and short-term bank deposits of $99.1 million and no debt, ending the first quarter with its highest cash levels, continuing our growth trajectory.

Looking ahead, we remain confident in our strategic direction and execution. We are on target to grow in revenue for the sixth consecutive year, supported by encouraging signs across our pipeline and customer engagements. As we close a strong first quarter, our focus will remain on disciplined execution and delivering consistent value to our customers.

Our core value lies in our automated, intelligent assurance solution, RADCOM ACE which delivers real-time service and customer level experience data and insights.

Turning to **slide 8**

Last year we began introducing our generative AI capabilities into our solutions. This year we are moving into agentic AI as part of our collaboration with market leaders **as will be discussed below.** We anticipate an increase in demand for our data and insights as emerging AI-driven use cases continue to evolve. Agentic AI requires real-time user analytics to drive customized services and products, support business processes and operate autonomously based on those insights.

Agentic AI is the next frontier of artificial intelligence which uses sophisticated reasoning and planning to autonomously solve complex, multi-step problems. AI agents ingest vast amounts of data which then analyze challenges, develop strategies and execute tasks.

Turning to slide 9, to our strategy

We see a great opportunity in the market for ultra-fast development of analytics to enable fully automated customer care and network operations, optimizing quality in real-time.

Our strategic objective is to become a key provider of real-time user and service experience insights for AI-powered telecom operators, supporting their network end-to-end across customer care, service management and service orchestration.

We are investing in a few major areas related to our core competency:

One area includes leveraging accelerated computing and GenAI technologies to provide high-capacity, real-time user and service insights, from customer service experience and usage metrics to advanced customer-intent models that will enable predictive customer satisfaction and customer intent to complain.

Another area of investment is in agentic AI where we are collaborating with leading customer care, service management and orchestration platforms to provide fully automated customer experience driven workflows. This covers a wide range - from delivering the best resolution in a live call center interaction to resolving network incidents in operations where real-time customer impact analysis is essential. This will also support network orchestration and optimization through processes that require resolution and optimization of real-time experiences.

We believe the shift to agentic AI will require a robust telecom ecosystem—moving beyond traditional, siloed automation towards collaborative intelligence.

Slide 10

On that note, we announced important partnerships that will help fast-track our vision to bring these technologies to the service assurance market and enable real-time customer insights to empower business processes.

Our partnership with ServiceNow leverages AIOps and agentic AI to offer an automated complaint resolution and predictive customer experience solution that supports customer care.

As noted on Slide 10 - last week at Knowledge 2025, ServiceNow announced the inclusion of RADCOM among the first vendors to integrate with its AI Agent Fabric for seamless workflows. We are very excited to be part of this collaboration that delivers new levels of agent-to-agent and multi-model communication for seamless wall-to-wall workflows.

Slide 11

Following our announcement this quarter of our collaboration with Nvidia, we have reached the next-phase of our development roadmap and have received requests from leading customers to move into their labs for evaluation of our cutting-edge high-capacity user analytics solution. As noted on slide 11, in the coming quarters, we plan to deepen our partnerships with strategic industry players to accelerate growth and expand our market share.

This brings us to our **installed** base and slide 12.

As published recently, we extended and expanded the renewal of a tier-one, multi-year contract in North America, which reflects confidence in our best-in-class solution. We aim to extend our collaborations to include co-developing future-ready solutions alongside Tier-one customers as design partners, guided by a deep understanding of their evolving needs and priorities.

Rakuten achieved significant growth with its open RAN network – the world's first commercially scalable open RAN deployment, surpassing 8.5 million subscribers in Japan and ranking the most used mobile services among foreign residents.

Turning to the **telecom market**

The global telecom market continues to grow, driven by key opportunities that underscore the strategic importance of 5G standalone networks. High-value use cases, including IoT, private 5G and mission critical services, are fueling demand for ultra-reliable, high-performance networks.

As the AI-driven digital grid emerges, telecommunications providers are uniquely positioned to serve as critical enablers of this AI-native transformation—integrating diverse technologies across hardware and software ecosystems. This accelerated shift continues to reinforce the strategic imperative for scalable, standalone 5G networks capable of supporting next-generation, AI-powered applications.

Furthermore, operators are increasingly turning to emerging AI technologies, including agentic AI, to boost their own productivity, optimize operational efficiency and manage capital expenditures. We see these trends as creating unique growth opportunities for RADCOM. With extensive expertise and cutting-edge high-capacity user analytics technology to capture data and provide insights across diverse telecom networks and business processes, RADCOM is well-positioned to capitalize on the data-centric demands of agentic AI.

Another key trend presenting significant opportunity is the industry-wide shift toward open architecture. Growing interest in open AI frameworks, driven by multimodal, multi-domain technology integration, is accelerating this momentum. This evolution positions RADCOM to help operators enhance their networks with real-time, intelligent user experiences.

Turning to our **go-to-market activities on slide 13**

We participated in Nvidia GTC and Mobile World Congress in Barcelona in March where we showcased our solution with ServiceNow and Amazon Web Services. There was much interest in our innovative solution providing predictive customer experience insights and customer intent. At both events we held numerous meetings with

prospective strategic partners and customers with the potential to generate sales opportunities.

We also recently participated in Futurenet World, where our Vice President of Marketing and Business Development spoke at a panel about AIOps and generative AI powered operations for the future of telco.

In June, we will participate in DTW Ignite, which is part of the TM Forum's global alliance of telco and tech companies. We will showcase our new agentic AI use cases with our partners and we will be collaborating on two TM Forum's Moonshot Catalyst programs. The first is an AI-driven telecom experience built on TM Forum's Open Digital Architecture (ODA) and powered by agentic AI. This Catalyst program includes RADCOM together with Salesforce, AWS, Verizon, Calvi, Telus among others. The second is a Catalyst program that explores hybrid satellite communications and 5G networks, particularly for high-impact scenarios such as emergency response and remote business operations. RADCOM is part of this Catalyst program together with companies including Bell Canada, Oracle, Airbus, Eutelsat/OneWeb, Digital Route and more.

Turning to slide 14 to **summarize**

The first quarter of 2025 continued the growth trajectory of our record-breaking 2024, positioning RADCOM well to continue its sixth consecutive year of revenue growth. Our record results and positive momentum reinforce the strength of our technology, positioning us well for the year ahead. We are raising our full-year 2025 revenue growth outlook from 12%-15% YoY, to 15% to 18% YoY, with a midpoint of $71.1 million - representing a 16.5% 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**, as well as in our press release issued earlier today. Additionally, all comparisons are on a year-over-year basis unless otherwise noted.

Now, please turn to slide **16** for our financial highlights.

First-quarter revenue grew by 17.5%, reaching a new company record of 16.6 million dollars.

At the same time, we continue to manage and control our expenses while investing strategically and efficiently in increasing our investment in sales and marketing. This

resulted in our highest ever non-GAAP operating income of 3.1 million dollars and 19% of revenues, for the quarter.

Our non-GAAP gross margin for the first quarter of 2025 was 76.3%. Please keep in mind that our gross margin may vary based on the revenue mix.

Our non-GAAP gross R&D expenses for the first quarter of 2025 were 4.3 million dollars, up 5.8 percent year over year. This reflects our focus on innovation and portfolio expansion.

We will continue to invest strategically in R&D to develop additional automation, Gen-AI- and agentic AI based capabilities and support our strategic partnerships and productization plans.

We received a grant of 25 thousand dollars from the Israel Innovation Authority during the quarter compared to 209 thousand dollars in the same quarter last year.

We expect the Israel Innovation Authority grant to remain at a similar level as the first quarter of 2025 in the second quarter.

Our net R&D expenses for the first quarter of 2025 were 4.3 million dollars, an increase of 418 thousand dollars compared to the first quarter of 2024.

We continue to actively promote our offerings to existing and prospective customers, which resulted in 4.2 million dollars in sales and marketing expenses for the first quarter of 2025 and an increase of 461 thousand dollars from the first quarter of 2024. During the upcoming quarters we expect a gradual increase in sales and marketing to support an increasing pipeline of opportunities and expand our coverage in lucrative regions.

Non-GAAP G&A expenses for the first quarter of 2025 were 1 million dollars, a decrease of 145 thousand dollars from the first quarter of 2024.

Thanks to increased revenue and careful expense management, non-GAAP operating income for the first quarter of 2025 was 3.1 million dollars, 19% of revenue, and an increase of 1.4 million dollars from the first quarter of 2024.

Net income on a non-GAAP basis for the first quarter of 2025 was 4.1 million dollars, or 0.25 (twenty-five cents) per diluted share, compared to 2.8 million dollars, or 0.18 (eighteen cents) per diluted share, for the first quarter of 2024.

On a GAAP basis, as shown on **slide 19**, our net income for the first quarter of 2025 was 2.4 million dollars, an increase of 1.7 million dollars compared to the first quarter of 2024.

At the end of the first quarter of 2025, our headcount was 318.

Turning to the balance sheet. As shown on **slide 22**, thanks to our strong results we ended the first quarter with the highest cash, cash equivalents, and short-term bank

deposits of 99.1 million dollars, which reflects a positive quarterly cash flow of 4.4 million dollars.

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 **Arjun Bhatia of William Blair**, please go ahead.

Arjun: Your comments on what you're doing with the type of AI were pretty intriguing. Can you just expand on the sort of functionality that you're planning to build yourself, where maybe it interacts or integrates with what your partners are doing. And then how do you plan to monetize this?

Is this your objective capabilities going to be monetized or is that something you find that is included with your platform, for your customers

Benny: Thank you for your question. I'm sorry the line was not 100% clear but I think I've captured your question. We do plan to invest in and do R&D when it comes to agentic AI, there are use cases. We closely collaborate with our partners and when it comes to monetization, we have different models we're discussing at this stage now. I am happy to address that question in a separate call.

Arjun: Then regarding the free cash flow generation, which has been pretty nice so far in Q1 – where are you? And where do you think you can go this year and beyond as you keep generating cash? What are you thinking in terms of use of capital, as you get more on the balance here.

Benny: We are looking into different candidates when it comes to acquisition and M&As. We have a few opportunities that we are addressing as we speak. Maybe the second half of the year we will consider some of those action. Right now the first priority is looking into M&As. We are looking very carefully and the plan is to do something around our echosystem.

Arjun: Perfect, thank you.

The next question is from **Ryan Koontz, from Needham and Company**

Please go ahead.

Ryan: Thanks, really nice quarter there guys

Question: Starting with your comments about 5G standalone core progress for the industry, can you share any thoughts about you know, where in terms of customer global customer count for RADCOM or even your pipeline of customers? The kind of growth we expect we'll see from year over year from maybe exiting 24 to exiting 25. As to production scale standalone that you see in your customer base, any kind of high level growth you think you might be there?

Benny: We're projecting similar take when it comes to growth. This is how we see the 5G stand alone that is progressing with higher demand for customer management and real time internal analytics. As for now, I think we're - where we saw and raise our guidance, I think we will continue on a similar type of growth.

Ryan: You made a comment about gross margins going forward that can vary on mix. Can you unpack that a little bit as far as you know, your current mix of revenues and what sort of input and takes there across different sources of revenue and how that affects gross margins?

Hadar: So usually our gross margin varies between 72%-76% and it depends on the revenue mix. This quarter we had third party components, which what improved other gross margins. Does that answer your question?

Ryan: Yes it does.
And do you have much services, mixed professional services in that mix?

Hadar: No

Ryan: Ok great, one last question on the ServiceNow relationship:

Is how we think about this as an opportunity to scale there? Do you think about your customer base and their current customer base among operators? How do those compare?

Is there a lot of overlap today, maybe a few key customer are driving that? And does the ServiceNow customer base provide you with a sizeable opportunity to grow your customer account?

Benny: Sure I absolutely believe that the partnership with ServiceNow will expand and increase our pipeline opportunities. Our ServiceNow is almost installed in most

operators we are working with. Our lucrative market is, just to remind you, North America, Europe and Japan. And we see them playing significantly in those areas as obviously they have more coverage than we have so it is definitely opening doors for us to take a different solution to operators.

Ryan: Thank you Benny. And maybe last, if I could sneak it in about your relationship with Nvidia, what is the deployment model there for that to integrate the technology? Do you simply need access to customer located servers or will you be packaging your own, you know – cloud infrastructure with Nvidia with your products? What's the deployment model for that?

Benny: I think the beauty here is that we're talking about the DPUs that can install in any server, in like a standard server out there. So we can basically repeat their need card with the DPU and get much performance when it comes to that. What we discussed earlier, the user analytics space and this is what could drive both automation, AI and TCR reduction for our customers. So as was mentioned on the call earlier, we are already doing some trials in labs in tier one in their labs and we're looking forward to extending that to production.

Ryan: Got it, so the infrastructure would be part of your customers private cloud typically?

Benny: Yes, but it also could be part of the WS install as well as it's got both.

Ryan: Thank you, that's all the questions I got.

This concludes the RADCOM LTD first quarter results conference call.

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