



*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 second 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 goals, market position and trajectory, future execution and delivery of value to customers, strengthening its core customer base, development of and enhancing strategic partnerships and expected benefits from collaborations, the success of new technologies, including AI, 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, its expectations regarding grants from the Israel Innovation Authority, expectations regarding the impact of foreign exchange rates and potential tariffs, expectations regarding the growth and convergence of 5G and AI, its ability to deliver consistent value while driving operational excellence and long-term shareholder returns 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 non-cash stock-based compensation that has been expensed in accordance with ASC Topic 718, 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.

Benny Eppstein – RADCOM CEO

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

RADCOM delivered strong results again this quarter, extending the growth trajectory we established over the past few years. In Q2, revenue increased 19% year-over-year, supported by demand for our intelligent service assurance platform and strengthening engagement across our core customer base.

We also reported solid profitability and cash generation, ending the quarter with more than \$100 million in cash and no debt.

As many of you know, I stepped into the CEO role in December 2024. From day one, my focus has been to drive our global sales efforts, expand strategic partnerships, ultimately leading RADCOM into its next phase of growth—particularly through the development of cutting-edge solutions, powered by accelerated computing and agentic AI technologies.

With a background serving global tier-one operators, I've seen firsthand how network complexity and customer expectations are evolving. That context is shaping how we execute, and I'm encouraged by the early results.

The first half of 2025 has reflected strong performance, underscored by disciplined execution and expanding customer engagement. We are deepening our commitment to become a key vendor in the new era of intelligent, agentic AI-powered ecosystem.

Our investments in R&D, our strategic partnerships with market leaders, and our alignment around long-term initiatives are collectively reinforcing our market position and setting the stage for sustained growth.

Today, RADCOM is focusing on addressing key operator pain points and future market drivers such as data volume growth, visibility and network complexity.

We are simplifying next-generation automated assurance for AI-driven networks, enabling us to penetrate previously untapped markets with unique insights and value. Through close collaboration with our partners, we are scaling innovation to meet our customers' evolving needs and bring their future vision for customer experience to life.

All while reducing the total cost of ownership, optimizing network performance, and enhancing quality of experience.

As you can see on slide 7, this quarter, we achieved a new revenue record of \$17.7 million, reflecting 19.3% year-over-year growth alongside profitability improvement and positive cash generation.

Operating income increased by more than 50% compared to Q2 last year, and our non-GAAP operating margin expanded to nearly 20% of revenue—demonstrating both the strength of our long-term engagement and ongoing discipline across our operations.

GAAP and non-GAAP net income also grew year-over-year, and we generated \$2.6 million in positive cash flow during the quarter. We ended Q2 with over \$100 million in cash, the highest in our company's history, and we remain debt-free.

These results reflect positive sales momentum across the business and position us well to continue investing in growth while carefully managing expenses.

Looking ahead, we remain focused on converting active sales engagements and pursuing new avenues for growth as well as strengthening our position with current and prospective customers.

As we close a successful first half of the year, our priority remains on delivering consistent value while driving operational excellence and long-term shareholder returns.

Turning to slide 8, I will discuss our company strategy:

In a fast-developing AI market, and building on the momentum of the last few quarters, we continue to invest in R&D. Our goal is to deliver an advanced service assurance framework that will support operators' AI-driven customer-centric vision.

In particular, we are advancing our work in agent-to-agent and multi-model workflows, while exploring new innovation pathways aligned with emerging market needs.

Since announcing our collaboration with Nvidia in the first quarter to develop high-capacity user analytics solutions, we've generated encouraging traction. Several customers have already advanced from initial discussions to lab deployments, validating both the relevance of our high-capacity user analytics and the distinct competitive value we're bringing to the market.

In parallel, our broader strategic alliances continue to expand our addressable market and are expected to drive incremental value through deeper customer engagement.

We remain focused on our key markets, North America, Japan, and EMEA, where we are actively engaged in field trials with Tier 1 operators and advancing multiple proof-of-concept deployments.

This brings us to our key customers, in slide 9.

AT&T, the largest wireless network in North America, continues to be a strong reference customer. Their customer-first strategy has earned recognition from Rootmetrics for best Overall Network Performance at both national and state levels. The mobile network

analytics firm specifically mentioned AT&T's strength in consistency and reliability, especially across core markets.

RADCOM provides AT&T with intelligent and automated assurance that drives end-to-end network visibility and improves the quality of the subscribers' experience.

DISH's Boost Mobile added 212,000 subscribers last quarter and was ranked number one in 5G reliability and coverage across 15 major U.S. cities by OpenSignal. Earlier this year they also received top marks for 5G reliability in New York City.

RADCOM's assurance platform underpins this performance by proactively monitoring and optimizing Boost's 5G network. This enables them to deliver a more consistent and dependable experience to their growing subscriber base.

Slide 10. In Japan, Rakuten now serves over 9 million subscribers and was recently recognized by industry peers in the second Cloud-Native Telco Market Perception Study.

Our solution embedded in their private cloud infrastructure, assures network functionality and stability as they continue to scale. This capability is critical to supporting Rakuten's fully virtualized, cloud-native architecture and enables reliable service delivery-at-scale.

Across these leading operators, RADCOM's assurance solutions are helping translate strategic investments into measurable network performance gains, enhancing visibility and improving service quality - enabling our customers to achieve industry leading results.

Turning to the telecom market trends in slide 11:

The telecom industry is undergoing a profound transformation, driven by the convergence of 5G and AI. According to Accenture, 84% of telecom executives expect agentic AI to fundamentally reshape their organizations and digital infrastructure.

At the same time, data volume growth continues with the acceleration of IoT adoption, along with the introduction of new devices and applications. This introduces significant challenges for operators. These include delivering new workflows and services relying on real-time analytics, as well as data aggregation, monitoring, and real-time visibility.

On the network side, the pace of 5G adoption is picking up. Dell'Oro Group projects 6% growth in the mobile core market through to 2029. And in Q1 alone, operators added 145 million new 5G subscriptions globally, bringing the total to 2.4 billion.

We believe the convergence of AI and 5G will drive the next-generation of service delivery and RADCOM is uniquely positioned to lead in this new era. Powered by our innovation in agentic AI and high-capacity real-time, intelligent assurance, RADCOM offers complete network visibility for complex 5G networks. By correlating network and

customer data across silos, our solutions unlock rich insights to streamline operational efficiency and improve the quality of services across multiple domains.

Moving to our go-to-market activities on slide 12.

Our go-to-market efforts this quarter included major industry events such as Network X, Knowledge, and FutureNet.

As seen on slide 13 at the TM Forum's DTW event, we received two awards: the *Most Interactive Showcase* award for the Agentic ODA for Proactive Customer Experiences catalyst program, and the *Tech for Good* award for the SATCOM with an Edge – Phase III catalyst program.

These events, along with increased collaboration across our partner ecosystem, are expanding our visibility and positioning us for continued growth in the second half of the year.

To summarize:

In the second quarter and first half of 2025, RADCOM delivered record revenue, expanding our technology leadership and deepening our relationships with strategic customers and partners. We remain focused on executing our long-term strategy, combining technical excellence with commercial momentum and customer-centric innovation.

Turning to slide 14. As we look to the remainder of the year and beyond, our strategy remains focused on three critical goals:

1. Deliver measurable value and elevate customer satisfaction through deep automation, real-time visibility, and proactive assurance—capabilities that are increasingly critical for operators managing complex 5G environments.
2. Grow our customer base by leveraging our advanced AI and agent-based technologies, establishing them as a foundation for delivering actionable customer experience insights across multiple domains.
3. Expand our assurance offering and continue pioneering innovation through our strategic partnerships, including ServiceNow and NVIDIA as part of our advanced and future-ready ecosystem

Turning to slide 15. As the industry continues shifting toward cloud-native architectures and advanced AI-driven operations, RADCOM's differentiated technology is playing an increasingly central role in helping telecom operators ensure real-time performance, optimize operations, and enhance customer experiences.

We remain confident in our full-year revenue guidance of 15-18% growth. This outlook is supported by healthy customer engagement and ongoing market shifts toward intelligent, automated, real-time assurance.

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

Hadar – RADCOM CFO

Thank you, Benny, and good morning, everyone.

I'll focus on our non-GAAP results unless stated otherwise. You can find the GAAP to non-GAAP reconciliation on slide 3 and in today's press release. All comparisons are year-over-year unless noted.

Please turn to slide 17 for our financial highlights.

Second-quarter revenue grew by 19.3%, to a new company record of 17.7 million dollars.

We continued to manage expenses carefully while making strategic, targeted investments to drive growth, foster innovation, and maintain our competitive edge. This disciplined approach enabled us to deliver our highest-ever non-GAAP operating income of 3.4 million dollars, representing 19.5% of quarterly revenues.

Our non-GAAP gross margin for the second quarter of 2025 was 76.2%.

As a software company, we do not expect U.S. tariffs to have a material impact on our gross margin next quarter, though results may fluctuate depending on our revenue mix.

As shown on slide 21, Our non-GAAP gross R&D expenses for the second quarter of 2025 were 4.5 million dollars, up 10.7 percent year over year. This increase reflects our commitment to strengthening collaborations, driving continuous innovation, and expanding our portfolio.

We will continue to invest strategically in R&D to deliver advanced intelligent solutions, with a focus on agent-to-agent and multi-model workflows, while supporting our strategic partnerships and productization plans.

This quarter, we did not receive a grant from the Israel Innovation Authority, compared to the \$180,000 grant we received in the same quarter last year. For the second half of 2025, we are in the final stages of securing grant approvals, which we anticipate receiving in Q3 and Q4.

Our net R&D expenses for the second quarter of 2025 were 4.5 million dollars, an increase of 620 thousand dollars compared to the second quarter of 2024.

Sales and marketing expenses were \$4.3 million dollars, an increase of 514 thousand dollars from Q2 2024, reflecting our active engagements with existing and potential customers. We expect a gradual increase in sales and marketing in the coming quarters to support a growing pipeline and expand our presence in high-value regions.

Non-GAAP G&A expenses for the second quarter of 2025 were \$1.2 million, in line with the same period in 2024.

Most of our revenues are in U.S. dollars, but about 60% of our operating expenses are in shekels, so they're affected by the dollar's weakening against the shekel. We don't currently hedge these expenses, but we're closely monitoring currency movements and will adjust our spending as needed to mitigate any foreign exchange headwinds.

Driven by higher revenue and disciplined expense management, non-GAAP operating income for the second quarter of 2025 was 3.4 million dollars, or 19.5% of revenue, and an increase of 1.2 million dollars from the second quarter of 2024.

Non-GAAP net income was 4.2 million dollars, or 0.25 (twenty-five cents) per diluted share, compared to 3.1 million dollars, or 0.20 (twenty cents) per diluted share, last year.

On a GAAP basis, turning to slide 20, our net income for the second quarter of 2025 was 2.4 million dollars, an increase of 731 thousand dollars year-over-year.

At the end of the second quarter of 2025, our headcount was 319.

Turning to the balance sheet on slide 24, we ended the second quarter with a record \$101.6 million in cash, cash equivalents, and short-term bank deposits. This reflects a positive cash flow of \$2.6 million for the quarter, driven by our strong performance.

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

Q&A

Veidan

Please stand by while we poll for questions.

The first question is from Alinda Lee of William Blair.

Please go ahead.

Alinda Lee – William Blair

Congrats on a great quarter here. So, just wanted to touch on how is the partnership with service management system vendors like ServiceNow and AWS going?

Benny – RADCOM CEO

The partnership is actually going very well. We are basically co-development and interconnecting our platforms. Right now, a few of the connectors are already in place, and we start building the agent-to-agent use cases together.

Alinda Lee

How should we think about the capital allocation with now you guys have \$100 million roughly in cash on a balance sheet?

Benny – RADCOM CEO

We're looking into a potential M&A as a first priority. We are progressing with a few candidates, and based on the progress, we will decide when and how to proceed with the CAPS allocation.

Alinda Lee

Thank you.

Benny – RADCOM CEO

Thank you.

Veidan

The next question is from Ryan Kuntz of Needham & Company. Please go ahead.

Ryan Koontz - Needham & Company.

Great, thanks. Yeah, nice execution there by the team. Some basics, Benny.

If you think about your growth over the next 18 months, what percentage of your pipeline do you see is coming from existing customer expansion versus new logo wins?

Benny – RADCOM CEO

We're thinking about around two-thirds from existing and one-third from new, right?

Ryan Koontz - Needham & Company.

Got it. Helpful.

And then on the revenue split, can you give us any idea what percentage of your current revenue base is coming from 5G, roughly, versus is there any legacy network revenue that we should be concerned about?

Benny – RADCOM CEO

I think that still a lot of LTE network is up and running, and it will take some time until they will transform to 5G. So it will take a while, and while I think that is growing all over the place. So definitely 5G is the focus, but that is still remain to stay for at least a few years.

Ryan Koontz - Needham & Company.

Right. Yeah, that makes sense. Great. And on your pipeline of new Tier 1 opportunities, you mentioned several. Can you give us any color as to where those are in the RFP process and what kind of time you expect on decisions from any Tier 1s you have in the pipeline?

Benny – RADCOM CEO

We are participating in more than few RFPs globally. We expect at least a few of them within the next half-two of this year. And we'll get to know whether we want to be awarded or not.

Ryan Koontz - Needham & Company

Got it. And in terms of emerging opportunities, is there an opportunity in the direct-to-cell satellite space? I've been doing a lot of work on that segment.

Benny – RADCOM CEO

There is an active opportunity in a certain customer, but it's still not clear in terms of their capital allocation. So we're looking, we're waiting to see how they progress in on their side. But definitely there are some opportunities there that we are participating.

Ryan Koontz - Needham & Company

That's great to hear. And maybe the last one, if I can squeeze it in. Any change in the competitive environment you point out relative to your peers?

Benny – RADCOM CEO

Not too much. We still see our competitors trying to shift out of telcos while we are doubling down and investing in innovation. So, supporting cost reduction, supporting AI and Gen AI journey for our customers. So, I don't see big differences on our competitive landscape.

Ryan Koontz - Needham & Company

Great. Thanks so much, Benny. Appreciate it.

Benny – RADCOM CEO

Thank you, Ryan

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This concludes the question and answer session and the RADCOM LTD second quarter 2025 results.