***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 third 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 commitment to delivering solutions that are transforming the assurance landscape, continued adoption and investment in AI and 5G as well as other favorable market trends, the resilience of the Company's operating model and the value its AI-driven assurance solutions provide in lowering total cost of ownership and enabling comprehensive observability across customer networks, converting the Company's robust pipeline into revenue, expanding the Company's current installed base, levels of investment, and advancing the Company's strategic partnerships, expectation for initial revenue from certain partnerships and timing thereof as well as its full-year 2025 revenue guidance, expectations with respect to margins and expenses and future growth, momentum, opportunities 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.

CEO Remarks – Benny Eppstein

Thank you, operator, and good morning, everyone.

The third quarter was a record quarter for RADCOM, marked by strong growth and further evidence of our scalable and profitable business model. We are deepening deployments with existing customers, while continuing to develop new opportunities in the market. Operators are increasing their investments in 5G standalone networks and AI operations (AIOPs) to enhance efficiencies, improve the customer experience, and reduce costs. As the market evolves, RADCOM holds a strong competitive edge with our field-proven, next-generation assurance platform, RADCOM ACE.

Turning to slide 7, I'd like to give a brief overview of the Q3 results.

For the third quarter of 2025, RADCOM achieved record revenue of eighteen-point four (18.4) million dollars, representing sixteen point two (16.2) percent year-over-year growth, with continued profitability, expanding profit margins, and positive cash generation. We achieved record non-GAAP operating income of three point eight (3.8) million dollars, representing twenty point nine (20.9) percent of revenue. This is the highest since 2018, reflecting both the scalability of our model and the disciplined execution across our operations. Our results demonstrate a strong balance between growth and profitability, as evidenced by significant margin expansion.

Importantly, we generated a positive cash flow of five point one (5.1) million dollars and ended the quarter with a cash balance of one hundred and six point seven (106.7) million dollars and no debt. Our strong balance sheet positions us well for continued investment and strategic flexibility as we pursue both profitable organic expansion and targeted inorganic growth.

Turning to slide 8, at a broader market level, RADCOM is well positioned to capitalize on the strong and durable tailwinds driving telecom spending.

AI-native networks are rapidly evolving, enabling operators to deliver superior customer experiences. At the same time, they offer new opportunities to improve operational efficiency. To capture this value, operators need trusted data and deep telecom-domain expertise to power AI use cases and ensure end-to-end network observability.

This dynamic gives us a distinct advantage, built on years of investment in assurance innovation, telco-domain AI, and strong ecosystem partnerships. It aligns perfectly with our strategic and product roadmap.

As AI innovation accelerates, a second major shift is taking hold across the telecom landscape: operators are doubling down on customer experience as a core driver of retention, reduced churn, and long-term revenue growth. To compete effectively, they need real-time visibility across network operations, enabling them to detect issues and anomalies before they impact subscribers proactively.

This trend aligns directly with our value proposition: to deliver end-to-end, intelligent, cloud-native solutions that provide granular insights into users and services at a highly cost-efficient rate. These capabilities offer significant savings compared to competing solutions. We believe this positions us strongly for new opportunities as demand for customer experience insights and intelligent service assurance continues to rise.

Turning to slide 9, let me speak to our partnership strategy.

The third quarter performance underscores the continued success of our strategy. We are deepening our strategic partnerships with Nvidia, ServiceNow, and system integrators. This helps strengthen our technology leadership, expand our market reach, and enhance customer retention.

We are focusing on developing an agentic AI-powered automation layer with our partner systems, which will enable networks to communicate autonomously and complete complex workflows and business processes. We anticipate initial revenue contributions from these partnerships in 2026.

In the third quarter, we also completed the integration of RADCOM AIM, our AIOps solution, with ServiceNow's Service Operations Management platform. Our solution is now certified and available as a connector in the ServiceNow Store. This enables continuous, real-time network monitoring and supports advanced use cases, such as intelligent anomaly detection and complaint validation. It also offers a comprehensive 360-degree view of network data for automated workflows, enhancing service quality and operational performance.

Turning to slide 10

We recently launched our next-generation High-Capacity User Analytics solution powered by Nvidia's Bluefield-3 Data Processing Units or DPUs. RADCOM is the first network assurance vendor to capture speeds of up to 400 Gigabits per second on a single server. This solution has demonstrated a reduction of up to 75% in operational costs in field trials compared to traditional network probes. Furthermore, it provides complete visibility without requiring any compromises due to cost constraints. In essence, the solution delivers real-time analytics at a fraction of the cost, a key enabler for 5G assurance and AIOps.

This innovative DPU-based solution is seamlessly integrated into our comprehensive, automated service assurance platform and agentic AI framework, which drives business processes across care, service management, and network orchestration. This empowers operators to capture and process massive volumes of network traffic efficiently, bridging the gap between engineering and customer-facing teams.

Our NVIDIA DPU-powered High-Capacity User Analytics solution is now in lab and field trials with key customers, showing promising momentum.

RADCOM is also advancing its agentic AI solutions with accelerated computing to provide telecom operators with real-time, actionable customer and service insights. These innovations enable telecom operators to automate networks for enhanced efficiency, superior service quality, and sustained long-term value.

Our agentic AI architecture enables us to expand our addressable market by reaching operators at a time when demand for proactive, analytics-based network visibility is rising.

In our customer engagements, we're seeing a clear industry shift, particularly in Europe but also across other regions. Some operators are accelerating their network modernization plans, recognizing the strategic importance of moving from legacy, monolithic solutions to advanced, cloud-native platforms that leverage AI to automate operations. We've seen this trend firsthand with customers such as Norlys and, more recently, 1Global.

This positive momentum reflects the growing demand for innovative, future-ready assurance solutions, further solidifying RADCOM's position as a trusted partner for operators seeking to enhance network performance, efficiency, and competitive advantage.

As noted on slide 11, we recently announced a new partnership with 1Global to deploy RADCOM ACE, enhancing customer experiences across Europe, North America, and Asia, and supporting more than 43 million connections. RADCOM ACE will provide voice and data monitoring, enabling precise and highly efficient troubleshooting across all required protocols.

We also secured a business expansion with one of our existing customers. This progress underscores our "land and expand" strategy. As we demonstrate our value proposition, we are well-positioned to grow as our customers expand their networks and manage increased network traffic.

Let me now speak to our installed base. Turning to slide 12, AT&T continues to add subscribers, and RADCOM continues to support their net add gains, providing real-time assurance for service quality and user experience.

Rakuten Mobile continues to expand its 5G footprint, surpassing 9 million subscribers in Japan and demonstrating increasing momentum in one of the world's most mature mobile markets. The operator continues to rely on RADCOM's assurance solution as part of its effort to deliver scalable, reliable, high-quality performance across its fully virtualized, cloud-native network.

Across our customer base, we're seeing broader deployments and deeper integration of our AI-powered capabilities. These solutions are enabling operators to achieve new levels of automation, performance, and efficiency.

Go to Market Activities:

As noted in slide 13, we attended many key industry events in Q3, including DT Campus, Innovate Americas, Network X, and others, where we met with potential and current customers and business partners.

Our cutting-edge solutions continue to receive strong recognition from leading industry bodies. Most recently, our Agentic AI solution—RADCOM Predictive Complaint Resolution—was honored with the Best AI/ML Innovation award at the Global Connectivity Awards in London. This award saw us outperform prominent global vendors and operators. Such industry validation underscores our technology leadership and reinforces the differentiated value we deliver to our customers and stakeholders.

Turning to slide 14

As we look ahead, we believe that the current trends, combined with improving capital conditions, will drive sustained investment across our customer base, continuing to fuel growth opportunities for RADCOM.

Our focus remains on:

1. Converting a strong pipeline into revenue and looking to expand our current customer base even further.
2. Deepening strategic partnerships to drive innovation and expand our addressable market opportunity.
3. Investing in AI and automation to maintain our leadership, driving lower total cost of ownership for real-time network intelligence.
4. Delivering consistent profitability and cash generation as we expand our global footprint.

In conclusion, the third quarter marked another milestone for RADCOM — achieving record results, strong execution, and expanding opportunities across the AI-driven telecom ecosystem. We enter the final quarter of 2025 with strong momentum and clear visibility toward our full-year outlook of 15–18% revenue growth, underpinned by disciplined execution, technology leadership, and growing customer adoption.

We will provide full-year 2026 guidance when we release our fourth-quarter results.

Before I hand the call over to our CFO, Hadar Rahav, to review the financial results in detail, I'd like to take a moment to share an update. As we announced last week, Hadar will be leaving RADCOM after supporting the transition to our incoming CFO, Hod Cohen, during the first quarter.

On behalf of the entire company, I want to thank Hadar for her outstanding leadership and many contributions over the years that helped strengthen RADCOM's financial foundation and growth. We're grateful for her dedication and wish her the very best in her next chapter.

We're also pleased to welcome Hod, a highly accomplished finance executive with deep experience in the telecom industry. We're confident he will build on this strong foundation and help drive our continued success.

Hadar, over to you.

CFO Remarks – Hadar Rahav

Thank you, Benny, and good morning, everyone.

As a reminder, unless otherwise noted, I will discuss non-GAAP results. Reconciliations between GAAP and non-GAAP measures are provided in our press release and presentation. Additionally, all comparisons are on a year-over-year basis unless otherwise noted.

Please turn to slide 16 for our financial highlights.

RADCOM delivered another quarterly record in revenues, with total revenues of $18.4 million, up 16.2% year-over-year.

Simultaneously, we continue to effectively manage expenses while growing our strategic investments in sales and marketing. As a result, we delivered significant improvements in margins and record profitability.

The gross margin in the quarter was just over 77%. Please note that our gross margin may vary based on the revenue mix. Our strong gross margin reflects a more favorable revenue mix, with a lower proportion of third-party cost elements. We believe this level of gross margin will be sustained in the fourth quarter.

Our non-GAAP gross R&D expenses for the third quarter were 4.7 million dollars, up 11.6% year over year. This increase reflects our focus on deepening collaborations, driving innovation, and expanding our portfolio. We plan to continue our strategic R&D investments to deliver advanced intelligent solutions, with an emphasis on agent-to-agent and multi-model workflows, while supporting our strategic partnerships and productization plans.

During the quarter, we received a grant of 189 thousand dollars from the Israel Innovation Authority, consistent with the same quarter last year. Of this amount, approximately $130 thousand is related to programs from the prior year. As a result, we expect the grant in the fourth quarter to be approximately 50 thousand dollars.

Our net R&D expenses for the third quarter of 2025 were 4.5 million dollars, an increase of 483 thousand dollars compared to the third quarter of 2024.

Sales and marketing expenses were $4.6 million dollars, an increase of 15.4% compared to the third quarter last year, reflecting our intentional investments to grow our sales presence. 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 Operating margin was $3.8 million, beating the record we achieved in the second quarter, with an operating margin of 20.9%.

Non-GAAP Net income was $4.9 million dollars, or $0.29 (twenty-nine cents) per diluted share, the highest in the company's history, compared to $3.7 million dollars, or $0.23 (twenty-three cents) per diluted share last year.

On a GAAP basis, as shown on slide 19, our net income for the third quarter of 2025 was 3.5 million dollars, an increase of 54% year over year. GAAP earnings per share were $0.21 (twenty-one cents) per diluted share compared to $0.14 per share last year.

We ended the third quarter of 2025 with 319 employees.

Turning to the balance sheet on slide 23, we closed the quarter with record cash, cash equivalents, and short-term bank deposits of 106.7 million dollars, supported by a $5.1 million dollar positive cash flow in Q3, driven by our strong operating performance.

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

Q&A

Veidan

The 1st question is from Arjun Bhatia of William Blair. Please go ahead.

Arjun Bhatia – William Blair

For the newly launched high capacity user analytics solution, what is the early feedback from customers so far? What are you most excited about?

Benny – RADCOM CEO

Hey, thanks for the question. We're super excited about it. Of course, it is in a couple of field trials. We see great performances, and we anticipate that initial revenues will materialize in 2026. However, so far, we're delighted with the performance and the fit with our customers.

Arjun Bhatia – William Blair

What trends are you seeing overall in terms of expansion? What are the specific expansion efforts, from these customers, that you are seeing in terms of adding to deployment?

Benny – RADCOM CEO

Are you talking specifically about Nvidia or generally speaking?

Arjun Bhatia – William Blair

I think both, so you could kind of, you know, Nvidia first, and then an overall picture, from what you are seeing. That would be great.

Benny – RADCOM CEO

Sure. Overall, we see a good buildup of a solid pipeline throughout the year, with current efforts also building toward the end of this year. We are still targeting double-digit growth, and we still see more and more opportunities coming up in 2026.

Arjun Bhatia – William Blair

Thank you.

Veidan

The next question is from Ryan Koontz. Please go ahead.

Ryan Koontz – Needham & Company

Okay, thank you. I want to discuss your visibility as it relates to next year. Um, you're feeling a little more confident. Can you provide any color or visibility information?

And as you look, you know, ahead into next year, any major renewals or anything coming up that would make you concerned about maintaining your current run rate of revenue in 26.

Benny – RADCOM CEO

Thanks, Ryan. We are still targeting double-digit growth for next year. We do see lots of new opportunities coming up in the market, for us specifically, because of the move to cloud native and 5G standalone, which is driving a lot of transformation on the customer's side.

Uh, and obviously the land and expand, we still see some uh,

I think it's been our customers who need to consolidate specific applications, and we will support that. Overall, we continue to aim for double-digit growth in 2026.

Ryan Koontz – Needham & Company

That's great, great to hear.

Sounds like you're planning to spend a little more on the sales and marketing, any other points out for 26. And maybe one last one, regarding 5G core - it certainly sounds like we're starting to see some real deployments out there. Uh, at least in the U.S. Um, can you, you know, validate that view and also any, um, updated thoughts on the other kind of geographies, uh, in APAC or India around, uh, 5G?

Benny – RADCOM CEO

We see good momentum on the 5G core, standalone, open RAN as well. It's present in the US, Europe, and in some areas of Japan and Asia, and it is driving a lot of activities, as I mentioned earlier, by moving to cloud-native applications to support troubleshooting and customer experience. Then, Nvidia is really driving the full user plane visibility, and this is also driving a lot of excitement on the customer side.

Ryan Koontz – Needham & Company

Great, appreciate your thoughts. Thank you.

This concludes the **Radcom Ltd. Third Quarter 2025 results** conference call.

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