

***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 and full year 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 Hod Cohen, 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 and stakeholders, expansion within its existing customer base and expansion of its footprint, development of and enhancing strategic partnerships and expected benefits and revenues from collaborations, the success of new technologies, including AI, to, among other things, enhance automation, pipeline, opportunities and prospects and customer engagements and the timing thereof, demand for its products and solutions and the ability to address new customer segments and expand its market reach, trends in the market, the expected benefits of its AI-driven assurance and other solutions, its expectations with respect to gross margins, research and development and sales and marketing expenses, expectations regarding the growth of 5G and AI, and its full-year 2026 revenue guidance, future growth and profitability, resilience and long-term commitment. 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.

Please turn to slide seven for our financial highlights.

RADCOM delivered its sixth consecutive year of growth, with a record seventy-one point five million dollars in revenue, representing seventeen point two percent year-over-year growth, above the midpoint of our most recent revenue guidance of fifteen to eighteen percent.

GAAP earnings per share increased by just over sixty-five percent year over year, and we achieved the highest cash and short-term deposit balances in the company's history of one hundred and nine point nine million dollars, with no debt. In terms of profitability, RADCOM reached record results across multiple KPIs, including earnings and operating margin, demonstrating tight cost control, strong operational efficiency, and a scalable business model.

As shown on slide eight, we delivered another strong fourth quarter, with revenue up sixteen percent year over year to eighteen million dollars.

Our strong results demonstrate the solid foundation we have established for RADCOM. RADCOM continues to deliver profitability, supported by our technology advantage, a top-tier customer base, and an exceptional team. Our focus now is to expand our customer base, specifically adding new tier-one customers to our roster, to enable our next phase of profitable growth.

Expanding our Tier-1 customer footprint remains a key priority, and we are actively engaged across a set of meaningful new prospects. We continue to see a healthy set of opportunities, and demand remains strong. As is common with Tier-1 customers, timing can shift as engagements move from technical evaluation and proof-of-concept to closing.

Given this momentum, we expect revenue to grow by 8-12 percent in 2026, way above the service assurance market growth. Achieving this outlook will require both new business and continued expansion within our existing customer base, and we remain confident in our ability to execute.

Looking forward, our strong balance sheet is a strategic advantage, signaling to Tier-1 customers our resilience and long-term commitment. This also allows us to continue our product innovation and R&D investments, and, over time, expand our footprint, all while maintaining disciplined financial management and profitability.

Our performance also validates the growing market value of our industry-leading solutions. We remain firmly committed to enabling exceptional user and subscriber experiences while addressing our customers' evolving operational and business needs.

Our results and improved profitability are a direct result of our focused execution of strategy and the ongoing value we offer our customers, all driven by our highly skilled team. The continued advancement of our technology leadership positions us for accelerated, scalable growth.

Heading into 2026, we expect to maintain a disciplined focus on technology advancement, including in our 5G service assurance offerings and agentic AI capabilities. We will continue to support operators in optimizing their network operations, reducing costs, and driving network automation. We see continued and growing opportunities to build on our existing customer base and support sustainable, long-term growth.

Turning to slide nine, we will look more broadly at the **market environment**. Telcos are approaching a key inflection point, driven by AI adoption. A recent GSMA survey conducted in partnership with RADCOM found that 71 percent of operators plan to implement agentic AI this year. Yet, only 41 percent report having an end-to-end data architecture that integrates information across the organization.

This gap between AI ambition and data readiness presents a clear opportunity for RADCOM to add value by enabling operators to access reliable, subscriber-focused data. This data supports multiple agentic AI use cases and broader efforts to deliver consistently high-quality customer experiences.

AI-driven demand continues to reshape network priorities. Operators are increasingly integrating AI across network layers to optimize capacity and efficiency as they continue the transformation to 5G. As we have seen, many have already moved from proof-of-concept initiatives to commercial deployments in 2025.

In the area of agentic AI, operator demand is increasingly shifting toward unified, end-to-end platforms. In our recent survey, the majority of operators indicated they are interested in deploying integrated, end-to-end systems.

RADCOM is well-positioned to address this need with a comprehensive solution that integrates smoothly with business and service management systems for customer support, care, and automation of operational workflows. This aligns well with the industry shift toward more streamlined, data-driven operations.

Moving on to slide ten, our **product innovations**.

We continue to see growing customer interest in our advanced, high-capacity data capture solution, which enables telecom operators to analyze massive amounts of data to understand the real customer experience at scale while significantly reducing infrastructure costs. We believe this solution can reduce the total cost of ownership by up to 75% compared to competing solutions, enabling broader visibility into the customer experience.

As highlighted in our survey, operators are exploring agentic AI across targeted use cases. Our focus is on developing telco-specific AI agents that deliver higher accuracy, faster decision-making, and measurable operational improvements across specific domains. These capabilities not only enhance the value of our existing platform but also position RADCOM to address new customer segments and expand our market reach.

Turning to slide eleven, our new contract wins.

In the fourth quarter, RADCOM announced a new customer win, 1Global, which selected RADCOM ACE to deliver next-generation AI-powered assurance across both subscribers and IoT, enabling 4G and 5G monitoring at scale for 43 million subscribers.

We also expanded within an existing customer, a leading European operator, via Rakuten Symphony to supply our Network Visibility Solution. The solution will deliver accurate, intelligent data collection across its network, end-to-end.

Regarding our **installed base**, slide twelve.

RADCOM continues to support AT&T as it sustains leading network performance across the industry. In 2025, its mobility service revenues increased, reflecting ongoing customer demand and operational strength. AT&T finished the year with 120 million subscribers. One industry analyst noted that AT&T's network remains robust and is widely regarded as the most reliable network option in rural areas across the U.S.

Within its fully virtualized, cloud-native network, Rakuten Mobile continues to utilize RADCOM's assurance solution to deliver high-performance, reliable network quality that supports scalable growth. The operator passed 10 million subscribers in December 2025 and ranked first in the 2025 Oricon Customer Satisfaction survey.

Turning to slide thirteen, we focus on our **partners**.

We are continuing our partnership strategy with NVIDIA and ServiceNow.

Our High Capacity User Analytics solution is powered by NVIDIA data processing units. In field trials, it has reduced operational costs by up to seventy-five percent (75%) while maintaining full, real-time visibility, making it a strong enabler of scalable 5G assurance and AIOps. We believe this partnership will start contributing initial wins over the course of 2026.

Turning to ServiceNow on slide fourteen, we continue to deepen our partnership and will showcase multiple joint demos at Mobile World Congress in March. Our RADCOM AIM AIOps solution is now fully integrated, certified, and available as a connector in the ServiceNow Store, enabling real-time network monitoring and advanced automation use cases. We expect this collaboration to begin delivering initial wins during 2026.

Go to Market Activities, slide fifteen:

In 2025, we strengthened our market presence by participating in key industry events, including Fyuz in Dublin and Network X in Paris during Q4. We are preparing for our upcoming high-impact engagements, including Mobile World Congress 2026 and NVIDIA GTC in March, to showcase our solutions, expand strategic relationships, and drive momentum.

RADCOM's technology leadership continues to gain global recognition. Named to *The Fast Mode 100* for 2025, RADCOM was recognized as one of the solution providers shaping the future of telecom and digital infrastructure. We were also a finalist in the Fierce Network Awards for Best Network Test and Measurement and received the Best AI/ML Innovation Award at the 2025 Global Connectivity Awards in London. These accolades validate our industry-leading solutions, reinforce our competitive differentiation, and highlight the value we deliver to customers and stakeholders worldwide.

Before I wrap up, I want to briefly address a governance update. The Board of Directors has appointed board member Rami Schwartz as Chairman, effective February 8, 2026, succeeding Sami Totah.

Rami has served on RADCOM's Board since 2019 and brings deep experience in strategy, leadership, governance, and scaling technology businesses. I have spent meaningful time with Rami over the last year at RADCOM and previous roles, and I am confident in his ability to support the team as we remain focused on our growth strategy.

I would also like to thank Sami for his support during my first year as CEO. Importantly, Sami will continue to serve on the Board.

From my perspective, the board provides the oversight and support our team needs. We are aligned on our strategy, priorities, and execution plan as we enter 2026, and we remain focused on expanding our Tier-1 customer footprint, advancing our technology roadmap, and delivering profitable growth.

In summary, turning to slide sixteen



2025 was a solid year, defined by strong growth, disciplined operational and financial execution, and continued market momentum. We strengthened strategic partnerships with NVIDIA and ServiceNow while initiating discussions for additional collaborations. We secured a new customer, expanded our service offerings, advanced agentic AI solutions, and launched our High-Capacity Data Capture solution.

Turning to 2026, we remain focused on driving innovation, particularly in agentic AI use cases, and delivering solutions that reduce the total cost of ownership for operators. With a robust pipeline of opportunities, we anticipate another year of double-digit revenue growth, reinforcing our leadership in 5G assurance. The company is committed to sustaining profitability, maintaining expense discipline, and leveraging its solid financial foundation to support long-term value creation.

Our near-term focus is to:

Continue to deliver strong operational and financial execution, converting a growing pipeline of opportunities into revenue while further expanding our presence within our existing customer base.

We have established key strategic partnerships and expect to deepen these relationships to scale our business and expand our addressable market.

AI remains a strong catalyst for our business, and we are investing in AI and automation to maintain our leadership in real-time network intelligence. Our customers recognize both the opportunities and challenges of AI, and RADCOM has proven its ability to deliver a total cost of ownership advantage over our peers' solutions.

Operationally, we remain committed to delivering consistent profitability and cash flow, while maintaining flexibility as we continue to scale organically.

In conclusion, we enter 2026 with momentum and a clear set of goals. We have proven our business model and established a sound foundation for profitable growth.

With that, I'll now turn the call over to our CFO, Hod Cohen, to review the financial results in detail.

Hod - CFO

Thank you, Benny, and good morning, everyone.

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

Please turn to slide 17 for our quarterly financial highlights.

We're pleased with how our team closed the year, delivering growth in both revenue and profitability.

RADCOM delivered another quarterly revenue record, with total revenue of **\$18.9** million, up **16.0%** year over year.

At the same time, we continue to manage expenses effectively while increasing strategic investments in research and development. As a result, we delivered significant improvements in margins and record profitability.

Gross margin in the fourth quarter was **77.6%**, the highest since 2018. Please note that our gross margin may vary depending on the revenue mix.

Operating income reached **\$4.3** million, surpassing the third-quarter record, with an operating margin of **23.0%**, the highest in eight years.

Net income was **\$5.2** million, or **\$0.31** (thirty-one cents) per diluted share, compared to **\$3.8** million, or **\$0.23** (twenty-three cents) per diluted share last year.

As shown in slide 18, our Gross R&D expenses for the fourth quarter were **\$4.9** million, an increase of **16.2%** year over year. This growth reflects our focus on strengthening collaborations, fostering innovation, and expanding our portfolio. We plan to continue strategic investments 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 efforts.

Sales and marketing expenses for the fourth quarter were **\$4.2** million, a **1.4%** year-over-year increase.

We continue to invest in our sales capabilities and anticipate that sales and marketing expenses will gradually rise in the coming quarters to support pipeline growth and expansion in high-value regions.

On a GAAP basis, as shown on slide 19, our net income for the fourth quarter of 2025 was **\$3.6** million, a 62.0% year-over-year increase. GAAP earnings per share were **\$0.21** (twenty-one cents) per diluted share compared to **\$0.14** (fourteen cents) per share last year.

We ended the fourth quarter of 2025 with **325** employees

Full Year 2025 Results

Now, let's review slide 20, which presents the full-year results. In line with our full-year guidance, we finished 2025 with record revenue of \$71.5 million, an increase of 17.2% from 2024, above the midpoint of our projected 15% to 18% growth range. Our gross margin was 76.8% in 2025, up from 75.2% in 2024.

Operating income increased by 55.0% in 2025, reaching an all-time high of \$14.8 million, or 20.6% of revenue, compared to \$9.5 million, or 15.6% in 2024.

Net income for 2025 reached a record \$18.4 million, accounting for 25.8% of revenue, or **\$1.09** (one dollar and nine cents) per diluted share. This compares to a net income of \$13.5 million, or 22.1% of revenue, equating to **\$0.83** (eighty-three cents) per diluted share in 2024.

As shown on slide 18, our gross R&D expenses in 2025 were \$18.5 million, an increase of \$1.9 million from 2024, reflecting 11.1% year-over-year growth.

Looking ahead to 2026, we plan to increase our R&D investment to further develop automation and AI capabilities and support our strategic partnerships and productization goals.

We received a total of \$0.4 million in grants from the Israel Innovation Authority during the year.

To support our growth, sales and marketing expenses in 2025 were \$17.3 million, up 10.5% from \$15.7 million in 2024.

G&A expenses for 2025 were \$4.8 million, a decrease of 11 thousand dollars year over year.

On a GAAP basis, as shown on slide 19, our net income for 2025 reached a new high of \$12 million, or 16.8% of revenue, or \$0.71 per diluted share, compared to \$7 million, or 11.4% of revenue, or \$0.43 (forty-three cents) per diluted share in 2024.

Turning to the balance sheet on slide 21, we closed Q4 with a record \$109.9 million in cash, cash equivalents, and short-term bank deposits, reflecting positive cash flow of \$3.2 million in the quarter and \$15.2 million for the year, driven by strong results.

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

Q&A

Operator

Ladies and gentlemen, at this time we will begin the question and answer session. If you have a question, please press star 1. If you wish to cancel your request, please press star 2. Please stand by when we pull for your question.

The first question is from Alinda Lee of William-Blair. Please go ahead.

Alinda Lee, William Blair

Thank you. Benny, with 109.9 million in the balance sheet and no debt, how should we think about capital allocation in 2026, especially related to M&A?

Benny Eppstein, CEO

Sure. Hi, Linda. Thanks for the question. Our first priority remains to look into M&A. This is our first priority, and this is what we are trying to accelerate, and this is prioritizing. So I hope I answered your question.

Alinda Lee, William Blair

Any changes in the guidance philosophy, and what are some of the assumptions in the 2026 guide?

Benny Eppstein, CEO

Sure, we believe we are basically at the second half of our sales cycle, and it's hard to pinpoint exactly where we're going to close, which is why we left the guidance 8-12%, and we're assuming that we will close it in the first half of the year. Some of the strategic opportunities.

Operator

The next question is from Ryan Koontz, Needham and Company. Please go ahead.

Ryan Koontz, Needham and Company

Great, thanks, guys. I wanted to ask about if you've got a great run rate there with your large customer AT&T and look at your land expand strategy, what are some of the key drivers for expanding their business with existing customers there? Is it their deployments of the 5G standalone core? Is it, you know, adoption of authentic AI? or what are some of the key drivers we should think about for you to be able to grow the size of new accounts. Thank you.

Benny Eppstein, CEO

Thanks Ryan. We still believe we have lots of opportunities within our existing customer, including AT&T. Argentic is driving a lot of opportunities. Our unique dataset that we bring to the table is helping AT&T and other customers to promote their own Argentic platform and promote their own efficiencies within operations. is still the main target to support our biggest customers.

Ryan Koontz, Needham and Company

Got it and you know I can certainly see how the analytics angle you know is an easy entry point for AI for Radcom. The agentic element here, how critical is that to you know you're to your breaking into an account today or is that really kind of a wider sale kind of upsell for your basic capabilities?

Benny Eppstein, CEO

I think it's a combination of both, Ryan. So it is that our analytics capabilities is driving lots of opportunities including in North America and in Mayan by the way. While promoting our own core business, pushing our ACE product within existing new customers and prospects. But definitely the AI and the unique data set is critical ingredient from our value proposition.

Ryan Koontz, Needham and Company

Got it, thanks. And with regards to your data collection, I assume these are on hardware NICs for the network equipment. The NVIDIA Bluefield, where is that in terms of introduction, what sort of architecture do you use if you're not using an NVIDIA based product? Is it NVIDIA-based?

Benny Eppstein, CEO

We're actually using both NVIDIA-based standard server and cloud native solution on the front, and we still believe that our product and software are the most efficient ones out there compared to our peer competition.