RADCOM Third Quarter 2026 Financial Results Conference Call

Management's Prepared Remarks

November 11, 2026

Safe harbor provision

This conference call will contain forward-looking statements. Forward-looking statements in the conference call involve known and unknown risks and uncertainties, including, but not limited to, the Company's statements about its ability to grow and gain market share, strategic direction and priorities, future execution and delivery of value to customers and stakeholders, expanding its existing customer base (including tier one operators), development and potential acquisitions and partnerships, the success and expected benefits of new technologies, demand for its products and solutions, trends in the telecom market, continued investment by operators in their networks, the timing, scope and sequencing of customer deployment programs, the effect of server infrastructure costs and supply constraints, the timing and extent to which deferred deployments may move forward or return to a normalized cadence, customer relationships, competitive position, sales pipeline, commercial discussions, opportunities, and expansion within existing accounts, expectations with respect to gross margins, research and development, cash flow, non-GAAP profitability for full-year 2026, free cash flow positivity in the second half of 2026, the reaffirmed full-year 2026 revenue outlook, future growth, including a return to double-digit percentage revenue growth in 2027, continued investments, continued investments, and the size, timing, initiation, amount, duration, manner and implementation of the share repurchase program and the Company’s ability to return capital to shareholders while continuing to invest in its platform and AI roadmap. The Company does not undertake to update forward-looking statements, except as required by law.

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) 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.

Benny Eppstein, RADCOM's Chief Executive Officer

Slide 7 - Third-quarter highlights

Thank you for joining us today to review RADCOM's third-quarter results.
This was a solid quarter for RADCOM. Revenue was $14.04 million, up 19.4% quarter over quarter from $11.8 million in the second quarter.
While we recorded a GAAP operating loss of $0.9 million, we returned to positive non-GAAP operating income of $700,000, or 4.9% of revenue. We also generated positive cash flow of $1.7 million in the quarter.
We ended the quarter with $111.4 million in cash, cash equivalents, and short-term bank deposits. That is up from $109.7 million at the end of June.
We reaffirm our revised full-year 2026 revenue outlook of $57 to $63 million, with a midpoint of $60 million.
Our solutions remain essential to how our customers manage their networks and end-user service quality, and our relationships with them are strong. Our customers continue to invest in, maintain, and monitor their networks, and we work closely with them. Based on our work with current and potential customers, we believe we are well positioned to grow and gain market share.
Our priority remains expanding our customer base, especially by adding new tier-one operators, which we see as key to our next phase of profitable growth.
We made progress on this in the third quarter. We closed two new logos: CETIN Networks and Vietnam Posts and Telecommunications Group, or VNPT. We are also actively engaged in several other meaningful opportunities.

Slide 8 - Recent wins

On our second-quarter call, I mentioned the two new customers we had won shortly after the quarter ended. Both contracts closed in the third quarter.
The first is CETIN Networks in Slovakia, which we announced in August. CETIN selected RADCOM through a competitive request for proposal, or RFP. It is a multi-year contract to provide end-to-end, AI-driven assurance across its mobile network, and we replaced the existing assurance provider. I'll come back to our progress there in a moment.
The second is VNPT, a tier-one operator and one of the largest in Vietnam, which we also won through a competitive RFP, replacing the long-time existing vendor. This operator has more than 30 million subscribers.
It selected RADCOM ACE for its roaming network. We will deploy it across multiple cloud environments. This gives VNPT real-time visibility into every roaming subscriber's experience and uses AI to detect issues before they affect subscribers.

As I mentioned last quarter, this is an initial deal but represents an important strategic step. VNPT is highly respected in the region, and this win gives us a strong reference in Asia-Pacific. It also opens the door to extend our assurance beyond roaming to VNPT's wider network, and we are actively engaged with VNPT on that opportunity.

Slide 9 - Capital allocation

As we announced in September, our Board authorized a share repurchase program of up to $20 million, which is expected to remain in effect for up to eighteen months. We expect to start the buyback after the current blackout period ends, with timing at management's discretion. At the same time, we will continue investing in RADCOM ACE and our agentic AI roadmap to drive growth.

Our strong balance sheet allows us to carry out the share repurchase program while continuing to pursue profitable organic growth. We also remain open to targeted acquisitions and partnerships that expand our solution portfolio, enhance customer value, and deliver greater returns to our shareholders.

Together, these steps reflect our confidence in the business and our commitment to building long-term value for our investors. Hod will cover the details in a few minutes.

Slide 10 - Strategy

Our strategic priorities are unchanged from last quarter: expanding our tier-one footprint, deepening our installed base, and advancing AI-native assurance for autonomous networks. We continue to pursue them with the operating discipline that supports our profitability.

Deepening our installed base starts with supporting our customers' planned expansions, and we are working closely with them on these plans. At the same time, we continue to view the deployment delays we announced previously as timing-related, and server infrastructure costs remain the main driver.

We are not alone in seeing this. Other vendors in our industry have also reported that operators delayed core network projects this year because of server supply and cost. We believe deployment timing is driven by infrastructure cost, not demand for our solutions.

And when infrastructure is expensive, our platform makes a real difference.

First, we offer a much lower total cost of ownership, or TCO, because our platform is fully cloud-native and highly efficient. In customer deployments, our platform has delivered up to 70% lower TCO than other solutions. So operators spend less on both capex and opex with our solutions than with legacy systems.

Second, our software can run on hardware operators already own, including the servers their current assurance vendor uses. That means fewer new servers to buy, an easier migration, and no need to replace the whole system.
When operators need more from every infrastructure dollar, RADCOM becomes an easier decision. Our recent wins show this, and in each case, we replaced the existing assurance vendor. We are now pursuing several more opportunities, each at a different stage of the sales process. In each one, operators are looking for the same advantages that RADCOM provides.

Slide 11 - Installed base

For operators today, the experience is the product. Subscribers expect their service to simply work, and retention depends on it. Our AI-native assurance lets operators see the experience of each subscriber. This helps them keep service quality high and keep their most valuable customers.
We continue to support key accounts, including AT&T and Rakuten Mobile, where our assurance solutions remain embedded in production networks serving millions of subscribers.
Rakuten Mobile recently passed 11 million subscribers. It also ranked first in Japan for customer loyalty. And for the sixth year in a row, it was the operator that people considered most when changing providers.
AT&T has kept churn low in a competitive market, and RADCOM continues to support this customer with real-time assurance for service quality and user experience.
We are working closely with our new customers, and deployments are moving forward. At 1GLOBAL, the project is on schedule, and our relationship with the team is very strong.
At CETIN Networks, RADCOM ACE is installed in production, and the project is now in acceptance testing, which is fast progress for an end-to-end deployment.
Both deployments show our ability to deliver quickly in cloud-native environments, and they put us in a strong position to expand within these accounts and win new ones.

Slide 12 - Product and AI progress

Last quarter, I told you about the launch of RADCOM ADM, our Analytics Designer Module. ADM is now available to our customers, and the response has been very encouraging. It puts operators in control of their own analytics, so their teams can quickly create and change data insights themselves, in real time.

The insights operators build in ADM then feed directly into RADCOM Neura as new inputs for its AI agents. This gives Neura richer context to identify the root cause of network issues in minutes, not hours or days. Several customers and prospects are now evaluating Neura, and their feedback has been very positive.

Our AI-native assurance continues to earn industry recognition. Last week, RADCOM won a 2026 Fast Mode Award for Impact, in the Network Testing and Assurance Leader category. RADCOM Neura was also named a finalist in Light Reading's 2026 Leading Lights Awards for Most Innovative Telco AI and ML Product.

ADM creates the insights, and Neura acts on them. Together, they give us a clear path to expand within our installed base.

Slide 13 - Go-to-market activity

From a go-to-market perspective, we continued to engage with operators throughout the quarter.

In September, we took part in the AI-Native Telco Forum in Düsseldorf, co-hosted by Deutsche Telekom. There, we demonstrated RADCOM Neura and our agentic AI capabilities to operators focused on building autonomous, AI-native networks.

Shortly after, we attended Network X in Vienna. It was a valuable opportunity to meet senior operator leaders from across Germany, Austria, Switzerland, and Central and Eastern Europe, and we are now following up on those conversations.

Slide 14 - Pipeline

Our pipeline remains broad and healthy, with a good balance between installed-base expansion and new logos.

In North America, we are engaged with several tier-one operators. Some are existing customers, where we are expanding into new use cases. Others are new opportunities, where we are in active proof-of-concept and RFP processes. One theme comes up again and again: operators want to reuse the hardware they already own, and our software-based approach lets them do exactly that.

In Europe, the shift to 5G Standalone and cloud-native networks continues to create new opportunities. Our win at CETIN this year shows that operators are ready to replace legacy assurance vendors, and we are engaged in several competitive RFPs across the

region. Some engagements with major European operators are shifting from network analytics projects to testing our AI agents.
In Asia-Pacific, our win with VNPT and our current Rakuten deployment give us important references. We are working with VNPT on a broader, network-wide project, and we see growing interest from other operators in the region. We also see opportunities in Japan, with our existing customer and with new operators.
Across all three regions, several opportunities advanced during the quarter from technical evaluation and proof of concept to commercial discussions. As we have said before, tier-one sales cycles are long, and timing can shift. But the demand is there, our competitive position is strong, and we remain confident in our ability to convert this pipeline into new business and continued expansion within our customer base.

Slide 15 - Closing summary

To summarize, revenue grew nearly 20% from the second quarter. We returned to positive non-GAAP operating income, maintained positive cash flow, and reaffirmed our full-year 2026 revenue outlook. We expect to remain profitable on a non-GAAP basis this year and aim to remain free cash flow positive in the second half.
We added two new logos, and a North American operator is evaluating our solutions. We also see positive signs that some deployments delayed this year will begin to move forward in early 2027.
With our AI-native assurance platform, a strong balance sheet, and our share repurchase program in place, we believe we are well positioned to return to double-digit growth in 2027.

Hod Cohen, RADCOM's Chief Financial Officer

Slide 17 - Quarterly financial highlights

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.

Revenues for the third quarter were $14.04 million, up 19.4% from $11.8 million in the second quarter of 2026. Revenues were down 23.6% year-over-year from $18.4 million in the third quarter of 2025.

Non-GAAP gross margin in the third quarter was 73.8%.

We recorded non-GAAP operating income of $0.7 million, or 4.9% of revenue, compared with an operating loss of $2.2 million in the second quarter of 2026.

Year over year, that compares with operating income of $3.8 million, or 20.9% of revenue, in the third quarter of 2025. As stated in the second quarter, we expect to remain profitable on a non-GAAP basis for the full year.

Non-GAAP net income was $1.9 million, or $0.11 per diluted share. That compares with net income of $4.9 million, or $0.29 per diluted share, in the same quarter last year.

Slide 18 - R&D and S&M expenses

Our net R&D expenses for the third quarter totaled $4.9 million, up 9.1% year-over-year. The year-over-year increase is mainly due to the weaker dollar against the shekel.

We plan to continue our strategic R&D investments to maintain our competitive advantage. We are focusing on agent-to-agent and multi-model workflows and bringing new features to market.

Sales and marketing expenses for the third quarter totaled $3.5 million, down 23.5% year over year. This reduction is mainly due to lower bonus and commission expenses and less marketing events.

Non-GAAP G&A expenses for the third quarter of 2026 were $1.2 million, up $24,000 from the third quarter of 2025.

Slide 19 - GAAP results

On a GAAP basis, our net income for the third quarter of 2026 was $441,000, compared with net income of $3.5 million in the same quarter last year. GAAP earnings per diluted share was $0.03, compared with earnings of $0.21 per diluted share a year ago.

Slide 22 - Balance sheet

We closed the quarter with $111.4 million in cash, cash equivalents, and short-term bank deposits, up from $109.7 million at the end of June. That reflects positive cash flow of $1.7 million for the quarter, and we have no debt.

As Benny mentioned, in September our Board authorized a share repurchase program of up to $20 million, which is expected to remain in effect for up to eighteen months.

Since then, we have completed an important step. Under Israeli law, our creditors had thirty days to object to the program. That period has now ended, and we received no objections.

Any repurchases will be made at management's discretion, in the open market including under Rule 10b5-1 plans.

We did not repurchase any shares during the third quarter. We expect to start the buyback after the current blackout period ends.

We are reaffirming our revised full-year 2026 revenue outlook of $57 to $63 million, with a midpoint of $60 million, as announced in July.