

Ceragon Networks Q4 FY 2025 Pre-Announce Call Script

January 8, 2026

Operator

Welcome to Ceragon Networks Corporate Update Conference Call. At this time, all participants are in a listen-only mode. Following management's prepared remarks, we will host a question-and-answer session.

If you wish to participate and ask a question on today's call you will need to click on the "raise your hand" icon within the zoom application on your desktop or mobile device.

As a reminder, this call is being recorded. It is now my pleasure to introduce your host, Rob Fink of FNK IR.

Rob Fink

Thank you, operator, and good morning, everyone. Hosting today's call is Doron Arazi, Ceragon's Chief Executive Officer and Ronen Stein, Chief Financial Officer.

23 Before we start, please note that certain statements made on this call,
24 including projected financial information and other results and the
25 company's future initiatives, future events, business outlook,
26 development efforts and their potential outcome, anticipated progress
27 and plans, results and timelines and other financial and accounting-
28 related matters, constitute "forward-looking statements" within the
29 meaning of the Securities Act of 1933, as amended and the Securities
30 Exchange Act of 1934, as amended, and the safe-harbor provisions of the
31 Private Securities Litigation Reform Act of 1995.

32
33 Ceragon intends forward-looking terminology, such as "may", "plans",
34 "anticipates", "believes", "estimates", "targets", "expects", "intends",
35 "potential" or the negative of such terms, or other comparable
36 terminology, although not all forward-looking statements contain these
37 identifying words.

38
39 Such statements reflect current expectations, and assumptions of
40 Ceragon's management-- actual results may differ materially, as they are
41 subject to certain risks and uncertainties, which could cause actual
42 results to differ materially from those projected in our forward-looking
43 statements. These risks and uncertainties include, but are not limited to:

44 Company's forward-looking forecasts, with respect to which there is no
45 assurance that such forecasts will materialize; Company's ability to
46 future plan, business, marketing and product strategies on the
47 forecasted evolution of the market developments, such as market and
48 territory trends, future use cases, business concepts, technologies,
49 future demand, and necessary inventory levels; risks related to
50 conditions in Israel, including Israel's conflicts with Hamas and other
51 parties in the region; foreign political and economic risks as well as the
52 effects of global economic trends, including recession, rising inflation,
53 rising interest rates, commodity price increases and fluctuations,
54 commodity shortages and exposure to economic slowdown; risks
55 associated with integration and deployment of acquired businesses; risks
56 associated with delays in the transition to 5G technologies and in the 5G
57 rollout; risks relating to the concentration of our business on a limited
58 number of large mobile operators and the fact that the significant weight
59 of their ordering, compared to the overall ordering by other customers,
60 coupled with inconsistent ordering patterns, could negatively affect us;
61 risks resulting from the volatility in our revenues, margins and working
62 capital needs; disagreements with tax authorities regarding tax positions
63 that we have taken could result in increased tax liabilities; the high
64 volatility in the supply needs of our customers, which from time to time
65 lead to delivery issues and may lead to us being unable to timely fulfil

66 our customer commitments; and such other risks, uncertainties and
67 other factors that could affect our results of operation, as further
68 detailed in Ceragon's most recent Annual Report on Form 20-F, as
69 published on March 25, 2025, as well as other documents that may be
70 subsequently filed by Ceragon from time to time with the Securities and
71 Exchange Commission.

72
73 Forward-looking statements relate to the date initially made, and they
74 are not predictions of future events or results, and there can be no
75 assurance that they will prove to be accurate, and Ceragon undertakes
76 no obligation to update them.

77
78 Ceragon's public filings are available on the Securities and Exchange
79 Commission's website at www.sec.gov, and may also be obtained from
80 Ceragon's website at www.ceragon.com.

81
82 With that I will now turn the call over to Doron – Doron the call is yours.
83

84 **Doron Arazi**

85

86 Thank you, Rob and thank you everyone for joining on short notice.

87

88 This morning, we disclosed preliminary Q4 revenue and outlook for
89 2026, and we wanted to take the opportunity to provide context on what
90 we are currently seeing in our business, and to share more details
91 pertaining to our outlook for 2026 ahead of the upcoming Needham
92 conference.

93

94 Before I get into our outlook for 2026, I'll start with a brief update on Q4.

95

96 In the final weeks of the quarter, a single, large, North American
97 customer shifted a portion of deliveries that had been scheduled to be
98 delivered within December into 2026. This directly impacted Q4 revenue
99 versus our prior assumption. Our current expectation is that fourth
100 quarter revenue will be in the range of \$81-\$83 million. Although the
101 previous guidance we shared with the capital markets already accounted
102 for potential variability from this customer based on prior experience,
103 the magnitude of the shift was larger than what we had embedded in
104 our assumptions.

105

106 Importantly, this was exclusively a timing matter. The underlying
107 demand from this important customer continues to be strong. This is
108 reinforced by the fact we received additional new orders of significant
109 value from this customer in Q4 while orders in our backlog remained
110 intact. In fact, the timing shift increased our backlog entering 2026, and
111 we are actively coordinating delivery plans with the customer. We expect
112 most of this revenue to be recognized during 2026.

113
114 More broadly, bookings in North America remained strong in Q4. As a
115 result, our North America backlog exiting 2025 almost doubled
116 compared to the level at the end of 2024.

117
118 In general, in Q4 we continued making progress in expanding our
119 presence with private networks, increasing our penetration within
120 existing CSP customers, and strengthening our position with new
121 customers globally, including opportunities beyond our historical focus
122 areas. In fact, during 2025, we have added more than 30 new customers,
123 of which over 75% were private network customers.

124
125 The momentum we are seeing reinforces one of our ultimate goals in our
126 strategy: to reduce customer concentration and the associated impact a

small number of large projects that can have meaningful swings in our periodical results.

This is a gradual transition, but the direction is clear: we are building a more diversified business with a resilient growth profile, aiming to improve visibility and stability over time. Reaching a critical mass of projects across a more diversified base will enable us to reduce the quarter-to-quarter variability of our project-oriented business.

Turning to full year 2026, we expect revenue to be in the range of \$355M to \$385M.

Our revenue assumption is based on the conversion of the delayed deliveries from Q4 as well as the following conditions:

- In North America, we enter 2026 with a strong backlog and continue to make progress across both CSPs and private networks. Currently, we have multiple opportunities in advanced stages, and we anticipate converting them into new business in 2026.
- In India, we start 2026 with an annual revenue run rate of approximately \$100M, primarily driven by two main customers. We do see other opportunities to expand within these 2 customers, which would slightly increase our annual run rate. This incremental

revenue is included in the low end of our guidance. Since we are optimistic about winning a significant portion of other customer's RFPs that are expected to be awarded in India in the first half of 2026, we believe that India can contribute to more meaningful growth with such wins.

- For the rest of the world, we are assuming a measured recovery in other regions.
- Timing of closure and execution of multiple opportunities can work both for us as well as against us, but we remain optimistic and are becoming more confident in our strategy.

We intend to provide more detail on our business model and profitability when we report our fourth quarter results in February. But at a high level, we assume the following for 2026:

- Additional improvement of approximately one percentage point in our GM at the mid-point of our revenue range for the full year, primarily driven by improved revenue mix between NA and India, as well as additional cost reduction initiatives we are working on.
- On the OPEX side, the impact of the Israeli Shekel exchange rate is expected to represent an approximate \$5M headwind, should it remain similar to the average levels we have seen in recent months.

- In general, we continue to invest in R&D and in Sales and Marketing based on the momentum we see in the market.
- We intend to launch 4 new products in 2026 and expect initial revenue from some of them this year. All of the product introductions are driven by specific demand we have recently seen in the addressable market and are critical to our future growth, as they are expected to be ahead of the competition and enable us to win evolving new use cases.
- On the sales and marketing front, we have increased our investment, predominantly in regions where we see more growth opportunities. A significant portion of this increase is in variable compensation and, therefore, will be results-driven.
- All in all, we expect our Non-GAAP operating margin to be between 6.5% to 7.5% at the mid-point of the revenue range, or at 8% to 9% excluding the assumed Israeli Shekel exchange rate impact.
- Generally speaking, when neutralizing the FOREX impact we see certain increase in our investments and expenses, but a large portion of this increase will be driven by shifting the budget between units and regions to focus on areas we believe will drive significantly better ROI.

In this respect, we have recently recruited a very accomplished CTO with vast experience in Radio and Chip domains, working for blue chip

193 companies, recently on 6G research, to further strengthen our
194 technology leadership

195 In summary, we continue to navigate through near-term revenue timing
196 volatility, while building a more resilient and diversified growth profile.

197
198 The pieces of our strategy are coming together. Our differentiated
199 offerings are resonating with customers, and we are seeing positive
200 traction across North America and other regions, as evidenced by
201 successful POCs, award declarations, and initial orders.

202
203 While timing of closing deals as well as delivery schedules can still
204 influence our revenue, we believe our outlook for 2026 reflects a
205 stronger foundation of backlog in certain regions, and continued
206 progress in building a stronger earnings profile.

207
208 Finally, together with the board, and as part of the developments we see
209 in our business environment and our performance, we also regularly
210 discuss our capital allocation strategy. We intend to remain disciplined
211 in our approach, prioritizing investments to accelerate the
212 transformation I have discussed. At the same time, we continue to
213 evaluate a return of capital to shareholders and inorganic growth
214 opportunities.

215

216 With that, I'd like to open the call for questions.

217

218