

1 **Ceragon Networks Q1 FY 2026 Earnings Call Script**

2

3 May 19, 2026

4

5 **Operator**

6 Welcome to Ceragon Networks Corporate Q1 2026 Earnings Conference
7 Call. At this time, all participants are in a listen-only mode. Following
8 management's prepared remarks, we will host a question-and-answer
9 session.

10

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

14

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

17

18 **Rob Fink**

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

22

23 Before we start, please note that today’s discussion includes “forward-
24 looking statements” within the meaning of the Securities Act of 1933, as
25 amended, the Securities Exchange Act of 1934, as amended, and the
26 safe-harbor provisions of the Private Securities Litigation Reform Act of
27 1995. These statements include, among other things, projected financial
28 performance, future initiatives, business outlook, development efforts,
29 anticipated results, timelines, and other matters.

30

31 Forward-looking statements are based on current expectations and
32 assumptions and involve risks and uncertainties that could cause actual
33 results to differ materially. These risks and uncertainties include, among
34 others, global and regional economic conditions, conditions in Israel and
35 the region, fluctuations in exchange rates, customer concentration and
36 ordering patterns, and supply chain challenges, as further detailed in
37 Ceragon’s most recent Annual Report on Form 20-F and other
38 documents filed with the Securities and Exchange Commission.

39

40 Forward-looking statements are accurate only as of the date they are
41 made, and Ceragon undertakes no obligation to update them.

42

43 Ceragon's public filings are available on the Securities and Exchange
44 Commission's website at www.sec.gov and on Ceragon's website
45 at www.ceragon.com.

46

47 Also, today's call will include certain non-GAAP measures. For a
48 reconciliation between GAAP and non-GAAP results, please see the table
49 attached to the press release issued earlier today, which is posted in the
50 Investor Relations section of Ceragon's website.

51

52 With that I will now turn the call over to Doron – Doron the call is yours.

53

54 **Doron Arazi**

55

56 Thank you, Rob, and good morning everyone.

57

58 The first quarter of 2026 was a solid start to the year for Ceragon,
59 highlighted by strong execution in several key markets, especially India.

60 The results reflected healthy demand across our business and the
61 strength of Ceragon's positioning in several important growth markets.

62 Revenue for the first quarter of 2026 was \$85.0 million and non-GAAP

63 EPS was \$0.01. North America represented 37% of revenue in the
64 quarter and India represented 35%, continuing the regional

65 concentration trends we discussed previously.

66

67 Gross margin benefitted from favorable geographic and product mix, as

68 well as increased software license revenue, although profitability was

69 negatively impacted by several macro and industry-wide cost pressures

70 that intensified during the quarter. However, demand trends across the

71 business remain encouraging and support our view that Ceragon

72 remains strategically well-positioned in the evolving wireless

73 connectivity market.

74

75 I'll begin with India, where activity levels remain strong and the
76 conversion of opportunities into bookings accelerated during the
77 quarter. Earlier this month, we announced approximately \$86 million in
78 bookings in India mainly from two leading operators, including a
79 substantial portion related to our new IP-50EXA platform supporting
80 large-scale fixed wireless access expansion projects.

81

82 These wins reinforce both the scale of the market opportunity and
83 Ceragon's competitive positioning, especially given the expected
84 changes in the competitive landscape. Operators continue investing
85 aggressively to support rising data consumption and broadband
86 expansion, and our E-band solutions align well with those
87 requirements. In particular, demand for our E-band portfolio is
88 accelerating across multiple applications. Customers increasingly view
89 these solutions as a compelling alternative to fiber due to their ability to
90 deliver fiber-like capacity with faster deployment and timelines with a
91 lower total cost of ownership.

92

93 By the way, based on customer feedback, we believe this trend may be
94 expanding beyond India into additional geographies and customer
95 verticals. This view is also generally consistent with recent industry

96 analysts reporting year-over-year growth of 4% in the global wireless
97 backhaul market in 2025.

98

99 Turning to North America, execution during the first quarter was
100 generally in line with our expectations. As we discussed previously,
101 order volumes from one of our key Tier-1 carrier customers were
102 particularly strong during the second half of 2025, and in Q1, this
103 customer moderated bookings activity following that elevated period of
104 demand. Importantly, our current expectations for 2026 with this
105 customer remain largely unchanged. We continue to expect another
106 strong year with this customer, with revenue at levels similar to or
107 modestly above 2025 levels, with acceleration in the second half.

108

109 At the same time, we are making encouraging progress with another
110 major Tier-1 carrier in North America. Recently, we successfully
111 completed a proof-of-concept trial involving our new FR2 solution for
112 the 28GHz spectrum band. Following the positive outcome of the trial,
113 we are now advancing development discussions and commercial
114 engagement efforts with this customer. We are hopeful that this could
115 potentially translate into meaningful orders starting in the third quarter.

116

117 More broadly, the North American market remains active. We continue
118 to generate strong engagement levels from both traditional CSP and ISP
119 customers, particularly around higher-capacity network architectures,
120 E-band as fiber redundancy, and E-band as a next-generation wireless
121 transport solution that can accelerate deployment and increase
122 capacity while improving economics.

123 We are also advancing more opportunities in private networks in North
124 America, but as I've mentioned before, sales cycles in this segment
125 remain longer and are more project-oriented.

126

127 At a higher level, changes in the competitive landscape are driving
128 more interest from many customers globally, most notably CSP
129 customers and most particularly among service providers in Europe.
130 Discussions with these customers are at different stages of engagement
131 and we believe that we may start seeing initial orders from some of
132 them in the remainder of 2026.

133

134 In private networks, momentum continues to build, although
135 deployment activity remains project-driven and gradual in nature. Last
136 month, we announced approximately \$10 million in private network
137 contracts across multiple customers and use cases. Such projects, many

138 of which are end-to-end in scope, are often anchored in advanced
139 wireless transport, combined with 5G/LTE, to enable edge IoT
140 connectivity and support operational automation for private networks.
141 Ceragon's capabilities align well with the expanding industry demand
142 and use cases, giving us a durable competitive advantage when bidding
143 on projects.

144

145 When I step back and look at the full picture, our Q1 results came in
146 largely where we anticipated, and my view on the outlook today
147 remains largely unchanged from what we communicated in January and
148 February. The investment thesis that underpins that outlook --
149 specifically growing demand for our solutions, a strengthening
150 competitive position, and an expanding addressable market -- all
151 remain intact. That said, our line of sight to get there is certainly
152 evolving, and I want to walk you through what we see.

153

154 As we have shared, India is already delivering at the level we needed to
155 support our annual guidance. We had hoped the demand we were
156 seeing would convert to bookings and revenue — and it is.

157

158 North America also remains fundamentally strong. We have new
159 customers, new orders, and a healthy backlog of opportunity. However,
160 we are navigating a supply chain situation with one of our large Tier-1
161 carriers that will shift some revenue we expected in Q2 into Q3.

162

163 The supply chain situation is isolated to one specific component and is a
164 timing issue — not a demand issue and not a relationship issue. We are
165 working closely with the customer and relevant component vendors on
166 a catch-up plan. This expected shift does not lead us to modify our
167 previous revenue guidance for 2026 of \$355 million - \$385 million.

168

169 Our operating model has some built-in flexibility to absorb the
170 unexpected. Carrier shifts are a known dynamic in our business and we
171 plan for it. What makes Q2 uniquely challenging is that the timing of
172 this expected North America revenue shortfall coincides with a surge in
173 India revenue that, while welcome, naturally carries lower margins. The
174 result is that our second quarter revenue mix will likely be more heavily
175 weighted toward India than we would normally see, and that mix shift
176 alone is expected to create pressure on gross margins. Looking into the
177 back half of the year, based on what we see today, we expect North
178 America to rebound strongly in the third quarter as the supply stream

179 improves, the mix normalizes, and margins recover sequentially. Taken
180 across both quarters, our current visibility suggests these dynamics
181 should largely offset one another. As a public company that reports
182 quarterly, we don't have the luxury of investors simply waiting for the
183 natural offset to play out — so I wanted to walk through the moving
184 pieces now, while we still have time to frame them properly.

185

186 Looking deeper into the near term, in addition to the revenue mix
187 dynamics I described, there are broader industry-wide cost headwinds
188 that are not unique to Ceragon, as well as some negative foreign
189 exchange trends that may put higher pressure on our profitability.
190 Ronen will describe these issues in more detail in a bit. Nevertheless,
191 the demand environment is strong, and our competitive position is
192 improving. The full year revenue range of \$355 million to \$385 million
193 we provided in January remains our target and we are executing against
194 it.

195

196

197

198 With that I will turn it over to Ronen.

199

200 **Ronen Stein**

201

202 Thank you Doron, and good morning, everyone.

203

204 Q1 2026 was another profitable quarter on a non-GAAP basis, with
205 positive free cash flow of \$2.8 million.

206

207 To help you understand the results, I will be referring primarily to non-
208 GAAP financials. For more information regarding our use of non-GAAP
209 financial measures, including reconciliations of these measures, we refer
210 investors to today's press release.

211

212 Let me now review the **first quarter results**:

213

214 **Revenues** for the first quarter were \$85.0 million, down 4.1% from \$88.7
215 million in Q1 2025. Our strongest regions in terms of revenue for the
216 quarter were North America and India, at \$31.3 million and \$30 million,
217 respectively.

218

219 We had 3 customers in the first quarter that contributed more than 10%
220 of our revenues.

221

222 **Gross profit** for the first quarter on a non-GAAP basis was \$30.6 million,
223 an increase of 3.1% compared to \$29.7 million in Q1 2025. Our non-GAAP
224 gross margin was 36.0% compared to non-GAAP gross margin of 33.5%
225 in Q1 2025. Gross margin was positively impacted by geographical and
226 product mixtures, offset partially by some cost pressures as mentioned
227 previously by Doron.

228

229 Turning to **operating expenses**:

230

231 **Research & Development** expenses for the first quarter on a non-GAAP
232 basis were \$7.8 million, down from \$8.1 million in Q1 2025. As a
233 percentage of revenue, our non-GAAP R&D expenses were 9.1% in the
234 first quarter, the same as it was in the first quarter last year.

235

236 **Sales & Marketing** expenses for the first quarter on a non-GAAP basis
237 were \$13.4 million, up from \$11.8 million in Q1 2025, reflecting an
238 increased investment in private networks. As a percentage of revenue,
239 sales and marketing expenses on a non-GAAP basis were 15.8% in the
240 first quarter compared to 13.3% in the first quarter last year.

241 **General and Administrative** expenses for the first quarter on a non-
242 GAAP basis were \$5.3 million, compared to \$5.4 million in Q1 2025. As a

243 percentage of revenues, non-GAAP G&A expenses were 6.2% in the first
244 quarter compared to 6.0% in the first quarter last year.

245

246 **Operating income** for the first quarter on a non-GAAP basis was \$4.2
247 million, compared to \$4.5 million for Q1 2025. As a percentage of
248 revenues, non-GAAP operating income was 4.9% in the first quarter
249 compared to 5.1% in the first quarter last year. The reduction in
250 operating income was also impacted by continued appreciation of the
251 Israeli shekel versus the U.S. dollar.

252

253 **Financial and Other Expenses** for the first quarter on a non-GAAP basis
254 were \$2.9 million, as compared to \$1.0 million in the first quarter last
255 year. This quarter was negatively impacted by currency fluctuations,
256 mainly from the Indian Rupee.

257

258 Our **tax expenses** for the first quarter on a non-GAAP basis were \$0.6
259 million.

260

261 **Net income** for the first quarter on a non-GAAP basis was \$0.7 million,
262 or \$0.01 per diluted share, compared to \$2.6 million, or \$0.03 per diluted
263 share, for Q1 2025.

264

265 As for our **balance sheet**:

266

267 Our **cash position** at the end of the first quarter was \$39.2 million,
268 compared to \$38.4 million at the end of 2025. **Short-term loans** at the
269 end of Q1 2026 were \$17.1 million, compared to \$19 million at end of
270 2025. Thus, at the end of the first quarter we had a net positive cash
271 position of \$22.1 million as compared to a net cash position of \$19.4
272 million at the end of 2025. We believe we have cash and facilities that
273 are sufficient for our operations and working capital needs.

274

275 Our **inventory** at the end of the first quarter was \$56.5 million, down
276 from \$61.6 million at the end of 2025.

277

278 Our **trade receivables** at the end of the first quarter were \$94.4 million,
279 down from \$99.7 million at the end of 2025.

280

281 Our **DSO** now stands at 103 days.

282

283 With respect to our **cash flow**:

284

285 Net cash flow generated by **operations and investing** activities was \$2.8
286 million in the first quarter and negative 1.4 million in Q1 2025, excluding
287 the cost of acquisition of E2E.

288

289 Turning to our **2026 guidance**:

290

291 As Doron mentioned, we reiterate our 2026 revenue guidance of \$355
292 million to \$385 million.

293

294 On the margins and the profitability side, there are some moving parts,
295 as mentioned previously by Doron. I would now like to provide more
296 insights into these challenges.

297

298 Generally speaking, there are a number of factors that affect our gross
299 margin. The first factor is geographical and product mixture. The second
300 is cost headwinds, and the third is foreign exchange impact.

301

302 Regarding mixture, as Doron mentioned, India will be an abnormally
303 higher percentage of revenue in Q2 versus North America due to the
304 component issue for the North American carrier, temporarily depressing
305 gross margin percentage for that quarter. In Q3, we expect this revenue

306 trend to reverse itself and gross margins to rebound accordingly,
307 offsetting the depressed gross margin in Q2.

308

309

310 Several cost headwinds are affecting the overall industry and not
311 specific to just Ceragon. Memory pricing continues to rise across the
312 technology landscape, copper and metals costs are elevated, and freight
313 costs remain high in part due to the ongoing situation in the Strait of
314 Hormuz. These are real headwinds, and we are actively working to
315 mitigate them. We expect our initiatives addressing these cost
316 pressures to begin taking effect in Q3.

317

318 Exchange rate fluctuations related to the Israeli shekel and Indian rupee
319 versus the U.S. dollar have recently negatively impacted our
320 profitability. Regarding the strength of the Israeli shekel, when we
321 provided guidance in January, we were transparent that foreign
322 exchange is an area we would monitor closely throughout the year. The
323 dynamics since then have not moved in our favor. The Israeli shekel has
324 continued to strengthen against the dollar. However, due to our
325 hedging policy, we are able to partially mitigate the exposure and
326 reduce the negative foreign exchange impact. The Indian rupee

327 weakness is predominantly impacting our accounts receivables and
328 increases our financial expenses on our income statement. also creating
329 some incremental currency exposure in our receivables.

330

331 That said, we are still early in the year, currencies can and do move in
332 both directions, and we continue to take steps to reduce our exposure.
333 We are not prepared to draw conclusions on the full year impact from
334 here, but we wanted investors to have a clear picture of where things
335 stand today.

336

337 Given all these moving parts and the underlying business strength we
338 anticipate, it is hard to predict the net impact on our profitability and,
339 therefore, we are reiterating our margin targets for 2026 - namely, a
340 one percentage point improvement in non-GAAP gross margin and non-
341 GAAP operating margin of 6.5% to 7.5%, both at the midpoint of our
342 provided revenue range for 2026.

343

344

345

346 That concludes my prepared remarks, and I'd like to now turn the call
347 back over to Doron for any remaining comments. Doron...

348

349

350 **Doron**

351

352 Thanks, Ronen.

353

354 We are encouraged by the underlying demand across many of our core
355 markets. Combined with our expanding product portfolio and new
356 customer interest, we believe Ceragon is positioned to continue
357 executing on our strategy and creating value. If we focus on the
358 elements, initiatives and factors we control, and our operations in
359 general, our competitive position is stronger today than it has been in
360 the past. We strongly believe that the challenges we face, in terms of
361 geographic mix and the impact on margins and foreign currency
362 headwinds, are largely non-operational and temporary in nature.

363

364

365 With that, I'll now open the call for questions.