Ceragon Networks Q2 FY 2026 Earnings Call Script

August 11, 2026

Operator

Welcome to Ceragon Networks Corporate Q2 2026 Earnings 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.

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

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

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

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

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

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

Doron Arazi

Thank you, Rob, and good morning, everyone.

Ceragon delivered a strong second quarter, as recently introduced technologies and solutions are creating a clear competitive advantage and driving demand in key markets, with particularly strong execution in India. Revenue for the second quarter was $93.9 million, up 14% year over year, and non-GAAP EPS was $0.02.

Bookings in the second quarter reached their highest levels since the first quarter of 2024. Bookings and the book/bill ratio in the first half of 2026 represent the highest in the last 10 years for any first-half period. This demonstrates the strong competitive position Ceragon has established, especially in the faster-growing segments of our market. Additionally, the recent changes in the competitive landscape are opening more opportunities for us. We believe that two significant competitors are without visible technological continuity and may be observed as effectively out of the market, and a third competitor’s future commitment to the market is uncertain. Subsequently, customers are looking for an established technology leader like

Ceragon to fill the gap. Given these dynamics, we are capturing more opportunities, engaging in RFPs with potential new customers, and being asked to bid on projects involving new use cases.

Driving our results were demand in India, the continued adoption of our E-band products, and private network wins, as customers continue to invest in capacity, network modernization, and new connectivity applications. Our portfolio is increasingly well aligned with those investments. At the same time, we continue to expand the ways in which we serve customers beyond our traditional wireless transport business, including end-to-end private network solutions and managed services.

Customer interest and demand in our newest products and solutions is encouraging. Positive results from proof-of-concept projects are helping to drive this interest from both existing customers and many potentially new customers and in both proven and many new use cases.

I'll start with India, a region with continued strong demand. As we recently announced, we have booked approximately $120 million in orders from operators in India through late July. These orders are primarily driven by two of the country's leading mobile operators and support both the expansion and modernization of nationwide 4G and 5G transport networks.

Fixed Wireless Access remains an important driver of this activity. As operators expand broadband coverage and address rapidly increasing data consumption, they require higher-capacity transport that can be deployed quickly and economically. Our new IP-50EXA platform and multi-band solution are winning this business for us, as they are well suited to the requirements of the Indian market.

In general, demand for our innovative E-band wide portfolio is very strong. This is consistent with the trend we discussed last quarter, as customers increasingly recognize E-band as an attractive way to deliver fiber-like capacity while accelerating deployment and lowering total cost of ownership.

Given the exceptionally strong bookings in India during the first half and based on our visibility for the remainder of the year, 2026 has the potential to be one of our strongest bookings years in India in quite some time.

Turning to North America, this market also remains strong and active for Ceragon. Revenue from our existing key Tier-1 carrier customer was slightly higher than we had anticipated during the quarter. We overcame some of the supply chain timing issues we discussed on our last call, but some of the revenue has shifted from the second quarter to the third quarter, as expected. More importantly, the underlying demand environment with this customer remains healthy.

Across North America more broadly, engagement is strong from both CSPs and ISPs around many of the themes we have discussed previously, including higher-capacity network architectures, E-band for fiber redundancy, E-band as the new microwave, and next-generation wireless transport solutions that can provide additional capacity with attractive deployment economics. These are areas where we believe Ceragon's technology and expanding product portfolio position us very well. We were successful in our proof-of-concept field trials with our 5G

FR2 solution for a new Tier 1 carrier in North America, and now we are in commercialization discussions with this potential new customer.

We also recognize the increased interest in LEO connectivity technology, which has grown even further following the IPO of Space-X. We believe that such satellite-based technologies are very important for global connectivity and the digitization trend. However, we view these technologies as complementary to terrestrial technology, not as a substitute. We believe wireless backhaul, such as what Ceragon provides, will remain the dominant solution for high-capacity connectivity. Anecdotally, we would also remind investors of the recent announcement by Space-X highlighting its intent to build a terrestrial network in the US. If this happens, it may become another opportunity for us.

Private network business in North America was particularly encouraging with record bookings.

In general, private network opportunities are accelerating globally, and our recently introduced capabilities are aligned with the needs of this market segment. The recently announced deals are evidence of our ability to serve various use cases within private networks. We are encouraged that our continued investment in this segment is bearing fruit.

What is particularly encouraging is the diversity of these opportunities. We are increasingly competing for broader, end-to-end projects that combine advanced wireless transport with technologies like private 5G and LTE, enabling IoT connectivity, automation, and other mission-critical applications. These opportunities are reflective of industry estimates that predict private network growth will exceed 30% CAGR over the next four years. We believe we are well positioned for significant growth in this segment, despite inherently longer sales cycles when compared to our traditional carrier business. Growth is not expected to be in a straight line, but our pipeline is expanding, the range of use cases is broadening, and we are seeing greater conversion of opportunities into bookings. We believe this can become an increasingly meaningful contributor to Ceragon over time.

Our momentum also extends beyond the businesses and geographies that drove the majority of second-quarter revenue.

In managed services, we recently secured a two-year, $3.4 million contract with a major mobile operator in Mexico. This is an important win because it demonstrates the opportunity to expand Ceragon's relationship with customers beyond equipment and into broader, longer-duration service engagements. Managed and professional services remain an important part of our strategy to increase the value we provide customers while building a more diversified revenue base.

We also recently secured an additional five-year agreement worth up to $70 million with a Tier-1 mobile operator in APAC. We believe the duration and scale of this engagement validate our ability to build long-term strategic relationships with major operators and expand our role as their networks evolve.

In EMEA, we have begun to see the payoff from our recent leadership changes and investments. Bookings in the second quarter in this region were the highest in almost three years, and we continue to pursue new opportunities that could help us continue this momentum.

In Latin America and the remainder of APAC, I already mentioned the notable success from a recently announced new managed services deal and the renewal of a five-year contract with a Tier 1 operator, respectively. In general, we continue to take a selective approach in these regions.

When I step back and look at the first half of 2026, I am pleased by the breadth of the momentum across Ceragon. India is performing exceptionally well. North America remains a strong market for our traditional carrier business while private networks continue to gain traction. We are establishing larger and longer-duration managed services relationships, and we see emerging opportunities in EMEA as the competitive landscape evolves. Together, these developments reinforce our view that the underlying demand environment for Ceragon's solutions remains strong.

At the same time, as discussed last quarter, the supply chain environment continues to be challenging from both cost and lead-times. These trends are not unique to Ceragon, as our observations are consistent with commentary across the broader telecom and technology industries.

However, we continue to implement mitigation initiatives across procurement, product design, and our supply chain to minimize the impact on our business conversion, revenue, and profitability.

The strong bookings in the first half of 2026 and increasing interest from existing and new customers in both the CSP and ISP domain, as well as private networks, are strong signals of our superior technology and solutions. With our new CTO on board and our internal plans for introducing new technologies and products in the mid-to-long term, our confidence in Ceragon’s long-term success is only increasing.

With that, I'll turn the call over to Ronen to review our financial results in greater detail.

Ronen Stein

Thank you Doron, and good morning, everyone.

Q2 2026 was another profitable quarter on a non-GAAP basis, with positive free cash flow generated by operating and investing activities.

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

Let me now review the **second quarter results**:

Revenues for the second quarter were $93.9 million, up 14.2% from $82.3 million in Q2 2025. Our strongest regions in terms of revenue for the quarter were India and North America, at $45.0 million and $21.0 million, respectively.

We had 2 customers in the second quarter that contributed more than 10% of our revenues.

Gross profit for the second quarter on a non-GAAP basis was $30.3 million, an increase of 4.4% compared to $29.0 million in Q2 2025. Our non-GAAP gross margin was 32.2% compared to 35.2% in Q2 2025. Gross margin was negatively impacted by geographical and product mixtures, along with some cost pressures, as mentioned previously by Doron. Given the magnitude and breadth of the cost pressures, we do not currently expect our mitigation initiatives to appreciably offset the pressure in the near term. As a result, we anticipate that these component costs and supply chain challenges will continue to pressure gross margins over the remainder of 2026. As another mitigation plan for our current challenges, we are also focusing on increased software sales.

Turning to **operating expenses:**

Research & Development expenses for the second quarter on a non-GAAP basis were $8.2 million, up from $7.2 million in Q2 2025. As a percentage of revenue, our non-GAAP R&D expenses were 8.7% in the second quarter, as compared to 8.8% in the second quarter last year.

Sales & Marketing expenses for the second quarter on a non-GAAP basis were $12.3 million, up from $11.1 million in Q2 2025. As a percentage of revenue, sales and marketing expenses on a non-GAAP basis were 13.1% in the second quarter compared to 13.5% in the second quarter last year.

General and Administrative expenses for the second quarter on a non-GAAP basis were $5.7 million, compared to $5.9 million in Q2 2025. As a percentage of revenues, non-GAAP G&A expenses were 6.1% in the second quarter compared to 7.2% in the second quarter last year.

Operating income for the second quarter on a non-GAAP basis was $4.0 million, compared to $4.7 million for Q2 2025. As a percentage of revenues, non-GAAP operating income was 4.2% in the second quarter compared to 5.7% in the second quarter last year. As a reminder, operating income was also negatively impacted vs. 2025 due to adverse foreign currency movement in the Israeli shekel.

Financial and Other Expenses for the second quarter on a non-GAAP basis were $1.6 million, compared to $1.7 million in the second quarter last year. Foreign exchange conditions stabilized during the quarter.

Our **tax expenses** for the second quarter on a non-GAAP basis were $0.7 million.

Net income for the second quarter on a non-GAAP basis was $1.7 million, or $0.02 per diluted share, compared to $2.5 million, or $0.03 per diluted share, for Q2 2025.

As for our **balance sheet**:

Our **cash position** at the end of the second quarter was $34.8 million, compared to $38.4 million at the end of 2025. Short-term loans at the end of Q2 2026 were $12.0 million, compared to $19.0 million at the end of 2025. Thus, at the end of the second quarter we had a net positive cash position of approximately $22.8 million, compared to a net cash position of approximately $19.4 million at the end of 2025. We believe we have cash and facilities that are sufficient for our operations and working capital needs.

Our **inventory** at the end of the second quarter was $59.5 million, down from $61.6 million at the end of 2025.

Our **trade receivables** at the end of the second quarter were $101.3 million, up from $99.7 million at the end of 2025.

Our **DSO** now stands at 107 days.

With respect to our **cash flow**:

Net cash flow generated by **operations and investing** activities was $0.3 million in the second quarter, compared to approximately $5.6 million in Q2 2025. Net cash provided by operating activities was $5.1 million, while net cash used in investing activities was $4.8 million, compared with $10.8 million and $5.1 million, respectively, in Q2 2025.

Turning to our **2026 guidance**:

We reiterate our 2026 revenue guidance of $355 million to $385 million.

Given the underlying business strength and the anticipated cost challenges in the second half of 2026, we now expect our full year 2026 gross margin to be between 33.5% - 34.5% vs. 35.5% previously and operating margin to be between 5% - 6% vs. 6.5% - 7.5% previously, both at the midpoint of our provided revenue range for 2026. The reduction in non-GAAP gross margin reflects our current view of the full year impact of the anticipated cost pressures.

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

Doron

Thanks, Ronen.

There will always be moving pieces in our business from quarter to quarter, and today those include component costs, supply availability, and geographic mix. But the underlying fundamentals that matter most to our long-term outlook remain encouraging: demand for our technology and solutions is increasing, our addressable market is expanding, and we are converting more of these opportunities into meaningful bookings and long-term customer relationships.

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