Ceragon Networks Q3 FY 2026 Earnings Call Script

November 5, 2026

Operator

Welcome to Ceragon Networks Corporate Q3 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

Ceragon delivered a strong third quarter. Revenue was $95.5 million, up 11.7% year-over-year. Non-GAAP operating margin expanded to 8.5% from 6.2%, and non-GAAP EPS was $0.07, more than triple the $0.02 we reported a year ago.

These results, as compared to Q2 2026, reflect the rebound in North America, a favorable mix, and solid execution across several key markets.

Business momentum is accelerating, especially for our newer technology which delivers differentiated capabilities. This technology is broadening our use cases and making us increasingly relevant to new and existing customers.

When we reported first-quarter results in May, we said a component shortage affecting a key North American customer would interrupt business in Q2, and that activity would rebound in Q3. That is precisely what happened.

We delivered strong performance despite continued pressure from higher component costs and supplier delivery delays. We are addressing these challenges through customer price adjustments, longer procurement planning horizons, and increased commitments for critical components. We expect these pressures to continue into 2027.

The third quarter performance demonstrates the progress we are making against our strategy. We expanded our customer base and increased engagement with prospective customers. We also

introduced new solutions addressing additional use cases and increased the number of ongoing proof of concept trials.

North America was the key driver of our revenue growth and margin expansion this quarter. As expected, activity with our key Tier-1 carrier customer accelerated, and we benefited from increasing contributions from software sales. Together, those two factors drove our strong performance.

More broadly, demand in North America remains healthy, with strong engagement from existing and prospective customers across both our traditional carrier business and private networks. We are encouraged by the opportunities ahead and expect north America to remain an important driver of growth.

In private networks, we are pursuing larger opportunities in markets where our differentiated technology and end-to-end capabilities could provide a meaningful competitive advantage.

Two opportunities in North America illustrate this approach. The first is introducing wireless solutions to the fire safety and prevention market. Following a successful proof of concept trial and several small-scale commercial deployments, we are currently engaged with one of the industry's largest integrators to tailor a unique set of wireless solutions in an initial commercial deployment project. Successful execution of this initial project could open a huge market opportunity for Ceragon.

The second involves private 5G solutions for defense applications covering remote unserved locations as well as separate networks for private use. Following initial successful deployments of both use cases, we are already working on numerous opportunities to replicate these solutions across and outside North Ameria.

Beyond these opportunities already developing across our business, two developments could add upside, particularly in North America.

The first is the evolution of satellite connectivity. We believe satellite and terrestrial wireless networks will increasingly complement one

another, creating additional demand for the high-capacity connectivity solutions Ceragon provides.

SpaceX's potential expansion into terrestrial wireless infrastructure could generate a new wave of investment in infrastructure and create new opportunities for wireless transport. In parallel, established operators are likely to continue investing in network capacity, coverage, and performance to remain competitive. With our established carrier relationships and broad wireless transport portfolio, we believe Ceragon is well positioned to benefit from such developments.

The second opportunity comes from the disruption at Cambium Networks, which is creating an opening for Ceragon to expand its market share, particularly in North America. We have moved quickly to capitalize on this opportunity, bringing on former Cambium sales professionals, strengthening relationships with distributors and resellers, and expanding our partnerships with complementary technology providers to offer customers a more complete wireless portfolio. Our recently announced collaboration with RADWIN to expand our portfolio into sub-6 GHz wireless access speaks to this strategy.

Our network management capabilities provide another important competitive advantage. Our products are fully integrated with Cambium's network management systems, while the technology acquired through our E2E acquisition enables us to integrate equipment from multiple vendors into a unified network management platform for customers who do not use Cambium management systems. This gives customers a "single pane of glass" to monitor their networks, simplifying operations and making it easier to transition to Ceragon.

We believe these initiatives position us to capture additional market share and create new opportunities for growth beginning in 2027.

Turning to India, Q3 revenues were $33.6 million, in line with our expectations following an exceptionally strong Q2. India remains a major contributor to our business, with our two largest operator customers continuing to invest in network capacity, modernization, and Fixed Wireless Access. Both customers are adopting our new IP-50EXA and IP-50CX technologies as key platforms for their network rollout.

Looking ahead, we expect volumes in India in 2027 to remain comparable to 2026 levels, with potential upside from additional network modernization projects and an anticipated RFP from another major Tier-1 carrier.

EMEA continues to gain momentum. Order activity has strengthened considerably over the past two quarters, with bookings exceeding revenue and contributing to a growing backlog. This progress reflects increasing customer engagement and strengthens our confidence in the region's growth prospects.

Changes in the competitive landscape are prompting operators across EMEA to evaluate alternatives to their incumbent wireless transport suppliers, creating opportunities for Ceragon to expand its presence with major customers. We recently secured an award from a new Tier-1 operator in EMEA, with initial orders expected in the coming quarters. At the same time, multiple new operators are conducting proof-of-concept trials of our E-band technologies, including our newest IP-50EXAP and IP-100E platforms.

The combination of stronger order activity, new customer engagements, and growing demand for our E-band solutions gives us increasing confidence that EMEA will deliver significant revenue growth in 2027.

Looking ahead, we see two important trends creating opportunities for Ceragon. The first is the demand for network capacity, driven by increasing investment in AI, cloud infrastructure, and data centers. The second is the changing competitive landscape, which is opening doors for us to expand our presence with existing customers and gain market share with new ones.

We believe Ceragon is well positioned to capitalize on both trends. Our differentiated technology, expanding portfolio, and established relationships with leading operators give us a strong foundation to compete for these opportunities. Those relationships not only support our existing business but also demonstrate our capabilities to prospective customers.

We are encouraged by the progress we're making and believe the combination of these market trends and our strategic initiatives positions Ceragon for continued growth in 2027.

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.

Q3 2026 was a strong and profitable quarter. We generated $8.9 million of cash for operating and investing activities, nearly triple last year's level, and ended the quarter with a net cash position of $32.1 million.

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 **third quarter results**:

Revenues for the third quarter were $95.5 million, up 11.7% from $85.5 million in Q3 2025. Our strongest regions in terms of revenue for the quarter were North America and India, at $37.8 million and $33.6 million, respectively.

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

Gross profit for the third quarter on a non-GAAP basis was $34.8 million, an increase of 16.3% compared to $29.9 million in Q3 2025. Our non-GAAP gross margin was 36.4% compared to 35.0% in Q3 2025. Gross margin benefited from favorable geographic and product mix, including increased contributions from North America and software-related revenue, as well as a smaller benefit from tariff refunds. These factors more than offset continued component cost pressures during the quarter. While we expect industry-wide cost pressures to persist into 2027, we remain focused on managing their impact through customer pricing adjustments and proactive supply chain management.

Turning to **operating expenses**:

Research & Development expenses for the third quarter on a non-GAAP basis were $7.7 million, up from $6.8 million in Q3 2025. As a percentage of revenue, our non-GAAP R&D expenses were 8.0% in the third quarter, compared to 7.9% in the third quarter last year.

Sales & Marketing expenses for the third quarter on a non-GAAP basis were $12.9 million, up from $12.0 million in Q3 2025. As a percentage of revenue, sales and marketing expenses on a non-GAAP basis were 13.5% in the third quarter compared to 14.1% in the third quarter last year.

General and Administrative expenses for the third quarter on a non-GAAP basis were $6.1 million, compared to $5.8 million in Q3 2025. As a percentage of revenues, non-GAAP G&A expenses were 6.4% in the third quarter compared to 6.8% in the third quarter last year.

On a GAAP basis our operating expenses were also impacted by a $2.1 million acquisition and integration-related expense for the third quarter related to strategic, non-recurring activities.

Operating income for the third quarter on a non-GAAP basis was $8.1 million, compared to $5.3 million for Q3 2025. As a percentage of revenues, non-GAAP operating income was 8.5% in the third quarter compared to 6.2% in the third quarter last year.

Financial and Other Expenses for the third quarter on a non-GAAP basis were $1.2 million, compared to $2.8 million in the third quarter last year. Foreign exchange conditions stabilized during the quarter.

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

Net income for the third quarter on a non-GAAP basis was $6.2 million, or $0.07 per diluted share, compared to $1.7 million, or $0.02 per diluted share, for Q3 2025.

As for our **balance sheet**:

Our **cash position** at the end of the third quarter was $39.1 million, compared to $38.4 million at the end of 2025. Short-term loans at the end of Q3 2026 were $7.0 million, compared to $19.0 million at the end of 2025. Thus, at the end of the third quarter, we had a net positive cash position of approximately $32.1 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 third quarter was $65.7 million, up from $61.6 million at the end of 2025, reflecting mitigation plans to overcome components and supply chain challenges, to support our customers.

Our **trade receivables** at the end of the third quarter were $100.4 million, up from $99.7 million at the end of 2025.

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

With respect to our **cash flow**:

Net cash flow generated by **operations and investing** activities was $8.9 million in the third quarter, compared to approximately $3.0 million in Q3 2025. Net cash provided by operating activities was $14.1 million, while net cash used in investing activities was $5.2 million, compared with $7.2 million and $4.1 million, respectively, in Q3 2025.

Turning to our **2026 guidance**:

Our current revenue outlook for fiscal 2026 is $365 million to $375 million. The wide range of revenue for the last quarter is solely due to supply issues driven by the turbulence in the component market and not demand. We are also maintaining our previously communicated non-GAAP gross margin guidance of 33.5% to 34.5% and non-GAAP operating margin of 5% to 6%, each at the mid-point of the revenue range.

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

Doron

Thanks, Ronen.

Our third-quarter results demonstrate the strength of Ceragon's business and the progress we're making across our strategic priorities. We are strengthening our competitive position, expanding our opportunity pipeline, and translating our investments in technology and market development into new growth opportunities. We believe these initiatives are positioning Ceragon for continued, profitable growth in 2027.

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