Ceragon Networks Q4 FY 2025 Earnings Call Script

February 17, 2026

Operator

Welcome to Ceragon Networks Corporate Q4 Fiscal 2025 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.

As expected, the results we are reporting today align with the preliminary results we shared in January. Revenue in Q4 2025 was $82.3 million, consistent with the range we previously provided, and non-GAAP EPS for Q4 was $0.02. For the full-year, revenue was $338.7 million and non-GAAP EPS was $0.09. We ended the year with $38.4 million in cash and equivalents and a net cash position of $19.4 million, up from a net cash position of $10.1 million at the end of 2024. Our balance sheet improvement reflects disciplined execution and stronger cash generation over the course of the year.

Given that we provided a detailed update in January, today I'll focus on confirming execution and discuss what we are seeing early in 2026.

Our view on 2026 is unchanged from a month ago. Early activity in the year supports our confidence that we remain on track with the outlook we shared in January.

Execution in North America continues to be solid, supported by CSP activity, and we see numerous emerging private network opportunities.

In India, activity continues to track at the run rate we discussed, with early bookings in the year reinforcing our confidence in the base level of demand.

We are not seeing anything today that changes our business view of the year or introduces new dynamics relative to what we previously discussed.

In 2026, we plan to launch four new products, with some expected to generate initial revenue this year. These launches are driven by clear, recently observed demand in our addressable markets and aligned with tangible revenue opportunities.

Our R&D and go-to market investments remain focused on execution, differentiation, and conversion. We continue to prioritize opportunities where we see clear potential customer demand and a path to revenue.

Mobile World Congress in March is an important industry event for Ceragon and for the broader ecosystem. We will be showcasing several products we plan to introduce in 2026, and the level of inbound interest and meeting activity heading into the show has been strong. Historically, MWC has been a meaningful demand-generation event for us, helping convert customer engagement into trials and, over time, revenue. We expect it to be a constructive commercial catalyst again this year.

Based on our current visibility, we are reiterating our full year 2026 revenue guidance of $355 million to $385 million. This guidance is based on us advancing our backlog in North America, assumes a baseline of $100 million in annualized revenue from India and additional demand from our two existing customers and potential timely RFP wins, and reasonable recoveries in other regions.

I would like to give one brief example of how this execution is showing up in the private network space:

We recently booked a multi-million dollar private network order in APAC with an electricity transmission utility following a competitive win announced last year. The award reflects our ability to deliver a full turnkey solution and provides both near-term revenue in 2026 and longer-term expansion potential as additional sites are deployed.

This represents how private network opportunities are moving from pipeline to backlog and into revenue.

In summary, we are focused on execution, not reinvention.

We delivered results in line with what we communicated in January, our outlook for 2026 remains intact, and early activity in the year supports our confidence in continued progress on revenue cadence, margins, and cash generation.

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

Ronen Stein

Thank you Doron, and good morning, everyone.

Q4 2025 was another profitable quarter on a non-GAAP basis, with positive free cash flow in excess of $7 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 **fourth quarter results**:

Revenues for the fourth quarter were $82.3 million, down 23% from $106.9 million in Q4 2024. Our strongest regions in terms of revenue for the quarter were North America and India, at $32.3 million and $24.7 million, respectively.

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

Gross profit for the fourth quarter on a non-GAAP basis was $28.2 million, a decrease of 23.2% compared to $36.7 million in Q4 2024. Our non-GAAP gross margin was 34.3%, the same as the non-GAAP gross margin of 34.3% in Q4 2024.

Turning to **operating expenses,** as a reminder, the 2025 operating expenses include the impact of E2E, whereas last year's results do not**:**

Research & Development expenses for the fourth quarter on a non-GAAP basis were $7.7 million, down from $8.8 million in Q4 2024. As a percentage of revenue, our non-GAAP R&D expenses were 9.3% in the fourth quarter compared to 8.2% in the fourth quarter last year.

Sales & Marketing expenses for the fourth quarter on a non-GAAP basis were $11.4 million, up from $10.6 million in Q4 2024. As a percentage of revenue, sales and marketing expenses on a non-GAAP basis were 13.8% in the fourth quarter compared to 9.9% in the fourth quarter last year.

General and Administrative expenses for the fourth quarter on a non-GAAP basis were $5.8 million, compared to $5.1 million in Q4 2024. As a percentage of revenues, non-GAAP G&A expenses were 7.0% in the fourth quarter compared to 4.8% in the fourth quarter last year.

Operating income for the fourth quarter on a non-GAAP basis was $3.4 million, compared to $12.2 million for Q4 2024. As a percentage of revenues, non-GAAP operating income was 4.2% in the fourth quarter compared to 11.4% in the fourth quarter last year.

Financial and Other Expenses for the fourth quarter on a non-GAAP basis were $1.4 million, as compared to $3.5 million in the fourth quarter last year.

Our **tax expenses** for the fourth quarter on a non-GAAP basis were $0.6 million.

Net income for the fourth quarter on a non-GAAP basis was $1.4 million, or $0.02 per diluted share, compared to $7.7 million, or $0.09 per diluted share, for Q4 2024.

Turning to our **full-year results**:

Revenues were $338.7 million, a decline of 14.1% from $394.2 million in 2024.

Gross Profit for 2025 on a non-GAAP basis was $116.8 million, a decrease of 15.5% compared to $138.2 million in 2024. Our non-GAAP gross margin was 34.5% compared with gross margin of 35.1% in 2024.

Operating income for 2025 on a non-GAAP basis was $18.0 million, compared to $48.8 million in 2024. As a percentage of revenue, non-GAAP operating income was 5.3% in 2025 compared to 12.4% in 2024.

Net income for 2025 on a non-GAAP basis was $8.2 million, or $0.09 per diluted share, compared to $36.4 million, or $0.41 per diluted share in 2024.

As for our **balance sheet**:

Our **cash position** at the end of 2025 was $38.4 million, compared to $35.3 million at the end of 2024. **Short-term loans** at the end of 2025 were $19.0 million, compared to $25.2 million at the end of 2024. Thus, at the end of 2025, we had a net positive cash position of $19.4 million as compared to a net cash position of $10.1 million at the end of 2024. We believe we have cash and facilities that are sufficient for our operations and working capital needs.

Our **inventory** at the end of 2025 was $61.6 million, up slightly from $59.7 million at the end of 2024.

Our **trade receivables** at the end of 2025 were $99.7 million, down significantly from $149.6 million at the end of 2024.

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

With respect to our **cash flow**:

Net cash flow generated by **operations and investing** activities was $7.3 million in Q4 2025 and $15.1 million in 2025, excluding the cost of acquisition of E2E.

Turning to our **2026 guidance**:

As Doron reiterated, we expect 2026 revenue to be between $355 million and $385 million, consistent with the guided revenue range we shared in early January.

We also see an improvement of approximately one percentage point in our non-GAAP gross margin at the midpoint of our provided revenue range, primarily driven by improved revenue mix between North America and India, as well as additional cost reduction initiatives we are working on. This effort also includes a plan to overcome the recent spike in the price of memory components in the market.

All in all, we expect our non-GAAP operating margin for 2026 to be between 6.5% to 7.5% at the mid-point of the revenue range. This margin outlook reflects the currency assumptions established in January, and we will closely monitor and evaluate currency fluctuations as the year progresses.

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.

In closing, we continue to see steady traction across our markets, reflected in customer engagement, awards, and initial orders. Our priorities in 2026 are clear: execute on conversion, improve revenue cadence, and continue strengthening profitability and cash generation.

We are reiterating our 2026 revenue guidance, and we believe our balance sheet strength gives us the flexibility to invest behind the highest-ROI opportunities while remaining disciplined on capital allocation.

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