NASDAQ:PRSO Q1 2026 Earnings Call Transcript

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Operator | Conference Call Moderator:

Good afternoon and welcome to Perasso Inc's first quarter 2026 conference call. At this time, all participants are in a listen-only mode. If anyone needs assistance at any time during the conference call, please press the star key followed by the zero on your touchtone phone. As a reminder, this conference call is being recorded today Monday, May 11th, 2026. I would now like to turn the call over to your host for today's conference call, Mr. Jim Sullivan. Please go ahead.

Jim Sullivan | CFO:

Good afternoon, and thank you for joining today's conference call to discuss Perasso's first quarter 2026 financial results. I'm Jim Sullivan, CFO of Perasso, and joining me today is Ron Glibrey, our CEO. Today, after the market closed, we issued a press release and related form 8K on which was filed with the Securities and Exchange Commission. The press release and Form 8K are available on Perasso's website at www.perassoinc.com under the Investor Relations section. There is also a slide presentation that we will be using in conjunction with today's call that may be accessed through the webcast link on the Investor Relations website. As a reminder, comments made during today's conference call may include forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. All statements other than statements of historical fact could be deemed as forward-looking. Barrasso advises caution and reliance on forward-looking statements. These statements include, without limitation, any projections of revenue, margins, expenses, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, adjusted EBITDA, non-GAAP net loss, cash flows, or other financial items, including anticipated cost savings, as well as any statements concerning the expected development, performance, and market share or competitive performance of our products or technologies, any statements regarding the sufficiency of the company's capital resources and its ability to continue as a going concern, any statements regarding customer demand forecasts and concentration risk, and any statements related to prospective future financing arrangements or capital transactions, and the evaluation or pursuit of strategic alternatives. All forward-looking statements are based on information available to PRASO on the date hereof. These statements involve known and unknown risks, uncertainties, and other factors that may cause PRASO's actual results to differ materially from those implied by the forward-looking statements, including unexpected changes in the company's business. More detailed information about these risk factors and additional risk factors are set forth in PRASO's public filings with the SEC. PRASO expressly disclaims any obligation to update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. Additionally, the company's press release and management statements during this conference call will include discussions of certain measures and financial information in terms of GAAP and non-GAAP. With respect to remarks on today's call involving non-GAAP numbers, unless otherwise indicated, referenced amounts exclude stock-based compensation expense and the change in fair value of warrant liabilities. These non-GAAP financial measures, definitions, and the reconciliation of the differences between them and comparable GAAP measures are presented in our press release and related Form 8K, which provide additional details. For those of you unable to listen to the entire call at this time, a recording will be available on the Investor Relations page of our website. I'll now turn the call over to our CEO, Ron Glibrey, for his prepared remarks. Ron?

Ron Glibrey | CEO:

Thank you, Jim. Good afternoon, and welcome to everyone joining us on the call and webcast. We appreciate you taking the time to be here today. First quarter results were generally in line with our published revised expectations, with revenue negatively impacted by the anticipated delay of shipment of a sizable order, which represented a significant portion of our first quarter backlog due to material availability from one of our Asia-based suppliers. We shipped this order in the current quarter, and we have since also begun taking steps to reduce our future reliance on any single supplier. While our top-line results reflected this headwind, during the quarter we continued to maintain active customer engagement across all of our target end markets, including advancing multiple new opportunities for our 60 GHz technology in tactical communications and edge AI applications. Turning to slide four, fixed wireless access continues to represent the largest and most mature end market for our 60 gigahertz solutions. Although a combination of current market dynamics, including the shortage and related increase in pricing of memory chips, are contributing to subdued near-term demand and purchase order activity from existing customers, we believe that we remain well-positioned to benefit from a recovery in orders once market conditions improve. As highlighted on our previous conference call, in March, we secured a notable new customer win with MicroTeek's launch of its next generation 60 gigahertz N-ray point-to-point product at Mobile World Congress, incorporating Ferrazzo technology. With MicroTeek's global reach and market share across a broad number of wireless internet service providers, we believe this newly introduced product will result in incremental fixed wireless access deployments using our industry-leading 60 gigahertz technology. More broadly, our fully integrated DUNE platform continues to resonate with operators that are pursuing high performance, but also cost-effective wireless deployments in challenging urban environments. The combination of multi-gigabit throughput, low power, long range, and point-to-multipoint capability remains a compelling alternative to traditional backhaul approaches. As such, we are continuously supporting a range of proof-of-concept evaluations with wireless ISPs worldwide, which we believe have the potential to translate into additional production orders for existing fixed wireless customers. Moving to slide five, the interest level in 60 gigahertz technology for tactical communications continues to gain momentum, and we increasingly see our expansion into this market as potentially significant contributor for Oslo's future growth. Although the timing and magnitude of orders remains uncertain, The opportunity in tactical communication stems from the fundamental attributes of our millimeter wave technology, including narrow beam directional links, dynamic beam steering, oxygen attenuation, and utilizing unlicensed spectrum. Together, these attributes provide for inherently stealthy communications, low probability of detection, low probability of interception, and robust anti-jamming performance. making 60 gigahertz uniquely well-suited for mission-critical application. On today's increasingly modernized battlefield, the need for secure and clandestine communications naturally spawns numerous different send and receive scenarios, including forward operating bases and surveillance, vehicle-to-vehicle, air-to-ground, and ship-to-shore communications. After extensive collaboration to evaluate potential applications for our technology within tactical communications, In March, we achieved a notable milestone with the announcement of Intact as a defense contractor customer. Our initial engagement with this customer began in 2024 and resulted in a jointly developed system solution for enhanced situational awareness on the battlefield. This novel deployable solution continues to generate positive feedback and is scheduled for additional planned field trials in the August timeframe. Separately, as part of our customer announcement in March, we disclosed that Intac selected Perazzo's 60 gigahertz millimeter wave technology for its next generation drone identification friend or foe system. For additional context, this is a purpose-built solution designed for highly contested electronic warfare environments. It enables secure, real-time mutual authentication between friendly drones and ground forces, allowing counter drone systems and operators to quickly distinguish friend or foe. Parasol's integrated beam-forming wireless transceivers provide the low-power, highly directional connectivity that's essential for maintaining stealth and reliable communication in dense battlefield conditions. In mid-April, we delivered initial limited production shipments of our optimized modules in support of Intacct's next-generation drone platform. This expanded engagement with our lead customer further reinforces our view that tactical communication represents a significant long-term market opportunity. Our announced collaboration has also served to increase the visibility and awareness of 60 gigahertz technology and the advantage that it brings to mission-critical tactical defense applications. In

recent months, we've been approached by additional prospective customers and partners seeking to explore how Peraza's 60 gigahertz millimeter wave technology could be incorporated into their future product roadmaps. Needless to say, we're excited about our growing momentum in tactical communications. Turning to slide six, in addition to tactical communications, we continue to identify and be actively engaged on prospective growth opportunities in other areas outside of our core fixed wireless access market. We have frequently referred to these areas as adjacent markets because they are seemingly diverse and not easily grouped into a common end markets category. That said, a majority of the adjacent opportunities we are targeting today involve the application of edge AI in areas such as last mile delivery, autonomous vehicles, and drones. One specific example that I highlighted on our previous conference call was our announced collaboration with Fireworks on their BX60 platform for robo-taxis. Regardless of whether it's an autonomous vehicle, drone, or humanoid robot, implementing Edge AI frequently comes with the burden of requiring high bandwidth wireless connectivity to upload massive amounts of captured data from various sensors and cameras, and then also download large blocks with updates to the device's operating system or instructions. While this requirement is relatively easy to address in scenarios with a single vehicle, drone, or robot, A fleet of vehicles parked side by side, a swarm of drones in the air, or a factory floor full of robots could easily pose a significant challenge for traditional wireless technology. Although purely illustrative, this slide provides a clear visual depiction of the challenges, as well as the value proposition delivered by 60 GHz wireless solutions. At the bottom, with a traditional 5 gigahertz Wi-Fi network, signals flood the space like a light bulb, creating widespread co-channel interference that collapses capacity and impairs reliability. Whereas at the top of the slide, 60 gigahertz technology utilizes directional narrow beam links that eliminate interference, enabling numerous simultaneous multi-gigabit connections with low latency in the same density footprint. With 60 gigahertz, you not only overcome the challenge, but you achieve maximum throughput, zero code channel interference, and reliable real-time robot control. Although purely illustrative, the relative outcomes shown here are representative of the real-world challenges associated with implementing Edge AI at scale in close proximity. And I want to briefly emphasize that these exact same dynamics and respective outcomes extend beyond the factory floor to effectively any centralized hub for autonomous edge AI devices. Today, we are working to advance ongoing discussions and have technology evaluations underway with multiple new prospective customers across a series of edge AI and connected autonomous device applications. To the extent we are successful at converting these activities into design wins, and future product ramps, it will represent expansion of our existing served market and also contribute to diversification of our future revenue base. In closing, while near-term visibility, particularly within fixed wireless access, is below where we would like to do a combination of broader market dynamics and irregular customer order patterns, we remain optimistic about the breadth of our customer engagement. We believe there's growing recognition of 60 gigahertz millimeter waves unique value proposition, and we are continuing to pursue expanding opportunities for 60 gigahertz wireless technology within tactical communication, as well as other markets that require high bandwidth and secure connectivity beyond our core fixed wireless access business. Our primary focus over the coming quarters is to secure new purchase orders while also increasing the conversion rate of existing customer engagements into design wins with the goal of achieving renewed top line growth. With that, I'll turn the call over to Jim to review the financial results and share our outlook for the second quarter.

Jim Sullivan | CFO:

Thank you, Ron. Turning now to the results for the first quarter of 2026. Total net revenue for the first quarter was $1 million, compared with $2.9 million for the prior quarter and $3.9 million for the first quarter of 2025. Product revenue in the first quarter was $0.7 million, compared with $2.8 million in the prior quarter and $3.8 million in the first quarter of 2025. The decrease in product revenue for the first quarter of 2026 from the comparable periods was primarily attributable to lower shipments of millimeter wave products, and year over year also reflected a significant reduction in shipments of legacy memory ICs due to the previously announced product end of life. Specific to sales of millimeter wave products, revenues were $0.6 million in the first quarter of 2026, compared with $2.4 million in the prior quarter and $1.5 million in the first quarter of

2025. Gross margin was 61.5% in the first quarter of 2026, compared with 52.2% in the prior quarter and compared with 69.3% in the year-ago quarter. This sequential increase was primarily attributable to a higher mix of revenue contribution from non-recurring engineering products, while the year-over-year decline primarily reflected the decrease in sales of legacy memory ICs. GAAP operating expense for the first quarter of 2026 was $3.1 million, compared with $2.8 million in the prior quarter and $3.2 million in the first quarter of 2025. Non-GAAP operating expenses, which exclude stock-based compensation, were $2.9 million in the first quarter, compared with $2.7 million in the prior quarter and $3.1 million in the first quarter of 2025. A recent non-GAAP operating expenses level of approximately $3 million per quarter continues to reflect the benefits realized from previously implemented cost reductions and ongoing cost containment initiatives. GAAP net loss for the first quarter of 2026 was $2.5 million or a loss of 22 cents per share compared with a net loss of $1.2 million or a loss of 13 cents per share in the prior quarter and compared with a net loss of $0.5 million or loss of 8 cents per share in the same quarter a year ago. Non-GAAP net loss, which excludes stock-based compensation and changes in fair value of warrant liabilities for the first quarter of 2026 was $2.3 million or loss of 20 cents per share. This compared with a non-GAAP net loss of $1.2 million or loss of 13 cents per share in the prior quarter and a net loss of $0.4 million or a loss of 7 cents per share in the same quarter a year ago. The weighted average number of basic and diluted shares outstanding for purposes of calculating both GAAP and non-GAAP EPS for the first quarter of 2026 was approximately 11.6 million shares. Adjusted EBITDA, which we define as GAAP net income or loss as reported, excluding stock-based compensation, change in fair value of warrant liabilities, interest expense, depreciation and amortization, and the provision for income taxes was negative $2.3 million in the first quarter of 2026, compared with negative $1.1 million in the prior quarter and negative $0.3 million in the first quarter of 2025. With regard to the balance sheet, as of March 31, 2026, the company had approximately $2.7 million of cash, compared with $2.9 million as of December 31, 2025. The net decrease of approximately $0.2 million in the company's cash balance at quarter end reflected the operating loss and capital expenditures of $2.5 million, partially offset by $2.3 million of net proceeds from sales of the company's at-the-market offering program during the first quarter. As of today's call, the company has approximately 14.2 million shares of common stock and exchangeable shares outstanding. As previously disclosed, the company has been exploring potential strategic alternatives, including a merger, sale of assets, or other similar transactions. well as various potential sources of additional capital aside from confirming that the strategic review process continues to be ongoing in coordination with the company's financial advisor there are no related updates to share on today's call from what we have previously disclosed now turning to our outlook as ron previously discussed overall visibility into future near-term demand is lowered due to irregular lumpy order patterns from our customers Additionally, we believe that certain of our customers are being negatively impacted by the higher pricing and reduced availability of memory devices. Based on shipments to date and existing order backlog, the company currently expects total net revenue for the second quarter of 2026 to be approximately $1.2 million. This concludes our prepared remarks, and we thank you for your time this afternoon. Operator, please commence the Q&A session.

Operator | Conference Call Moderator:

Certainly. The floor is now open for questions. If you wish to join queue to ask a question at this time, please press star 1 on your telephone keypad to join the queue. You will hear a brief tone to indicate you have joined the question queue. We do ask if listening on speakerphone today that you pick up your handset while asking your question to provide optimal sound quality. Once again, please press star 1 on your telephone keypad at this time if you wish to join queue to ask a question. Please hold a moment while we poll for questions. And we have a question from Kevin Lu of K. Lu and Company. Kevin, your line is live. Please go ahead.

Kevin Lu | Analyst, K. Lu and Company:

Hi. Good afternoon, guys. I just wanted to start here first on kind of the supply chain challenges that impacted the Q1 orders. Did you guys see that affect other orders outside of the large one that was shipped here in Q2? And was there any sort of ongoing spillover effect in that, you know, even though you were able to ship that one, maybe there's still shortages that are affecting other orders just wondering what sort of color you can give us there.

Ron Glibrey | CEO:

Sure. I can speak to that, Kevin. Uh, thanks for joining the call. Um, you know, I mean the, the, the product that was affected is not exclusive to that, you know, that, that specific customer. So it was really a broad, you know, it affected a broad product line, although clearly the main, there was really one customer that was affected. Um, It's kind of a long story, but the issue has been completely resolved. The manufacturer was testing parameters that were not important to us. We kind of resolved that, and obviously we're back on track. Of course, in the meantime, it exposed just a flaw in our supply chain that we've now – I would say robustly, you know, fixed in terms of having alternative suppliers. So we don't expect to see this again. I mean, this was a one-off, but, you know, unfortunately hit the first quarter, but we feel it's fully resolved.

Kevin Lu | Analyst, K. Lu and Company:

That's good to hear. With respect to your FWA customers, both on kind of the existing customer side as well as some of the newer ones that are starting to move into production, I'm just wondering what exactly it is that's creating the visibility challenges. Are they working through more significant inventory levels after purchases last year? Is this more related to them being slow on reproduction given some of the memory shortages? Just wondering what exactly we could pinpoint this to.

Ron Glibrey | CEO:

Well, I mean, definitely the consistent feedback is the memory issue. So that's just a fact in the marketplace now that several customers have confirmed. Um, so, you know, obviously, you know, if we look around the industry, we've seen that with, with other, you know, other companies that rely on, uh, on DRAM, you know, we're hoping this situation stabilizes in the next quarter, but, uh, you know, we'll wait and see, but I would say that's most consistent. You know, obviously a lot of these are new customers that are, that are coming online and, and, and sometimes there are, You know, glitches just kind of ramping up. For example, one customer had an issue just sourcing, you know, their casing from a supplier. And that's completely resolved now, but a bit of a growing plane. So we expect to see a much better performance over the course of the rest of the year.

Kevin Lu | Analyst, K. Lu and Company:

Got it. And on the defense side of things, you know, now that that friend or foe system is shipped and is in production, I'm wondering what you think the cadence of orders looks like, you know, either over the course of this year or kind of in future years, is this a small initial shipment with much big volumes behind it? And then more generally, if you could just speak to, I think you mentioned some field trials coming up in August. How does that opportunity kind of differ from what you guys have done so far on the defense side?

Ron Glibrey | CEO:

Yeah, I think, you know, from our perspective, I think broadly for the company, just to put all this in perspective, I mean, our fixed wireless business, you know, we really feel that we've got, you know, a very high percentage market share. And, you know, that business will stabilize. So from our perspective, you know, kind of the military defense security side communications business is a very, very important part of our future. And, you know, Kevin, just, I mean, I think you know this, but just to remind you, like the real win there is the broad win there is secure communications that can't be detected, again, because of our beamforming, very difficult time detecting, but even more difficult time to jam. And, you know, this is becoming... You know, broadly an issue in military, but in, you know, very in particularly with regards to drones. And I think, you know, we've all seen the footage from the wars in Ukraine and in the Middle East where, you know, you know, there's there's so much drone activity. But a lot of that activity historically has been been facilitated by by wireless. But, of course, the enemies are getting very smart at how to jam wireless, and you're seeing a lot of non-jammable systems or people going to fiber optic. But those solutions have many, many problems. I think broadly our win in military is the stealth capability, the non-jammability, and we're seeing some real traction there. The IFF that we announced is, I would call it a subset, an important subset, like obviously the key win there is the fact that it can't be detected. And of course, the pain point in the battlefield is friendly fire. But that was, ironically, the friendly fire was kind of our first foray into the market. But really what we're discovering now, and I think what you can start seeing the orders and I'll get to that in a second, is really broadly this stealth and non-jammable communications capabilities. Our customers, so the August field trials, we expect to start to see volume later in Q3 and Q4. But certainly even in Eastern Europe, we're seeing a real sense of urgency to get non-jammable wireless solutions. And so, you know, I think we'll start to see NRE later this year and then real production in the first half of 27. But, you know, one interesting point in kind of conversations with customers over the last couple of weeks, for example, is, you know, is kind of the situation with Starlink in these war zones, which, again, is also a – a millimeter wave technology, but a core problem is that it relies on GPS and the way guys like Iran are jamming that is to actually jam the GPS and that makes the system a bit inoperable. And of course, with our technology, we don't need GPS. You know, look, I mean, military communications, you know, I think we've saturated the market in fixed wireless. I think, you know, we're going to just start, you know, once that stabilizes and memory price is stabilized, we'll see that market grow. But from our perspective, you know, we see the military market being at least as big, but probably much larger than that market. And you can expect to hear a lot of focus from us over the next few quarters with regards to what we're doing on that front.

Kevin Lu | Analyst, K. Lu and Company:

Yeah, I appreciate the detail on that. And then just with respect to NRE, you know, wondering what sort of programs are contributing to that number in the first quarter, and then to what extent those continue versus any sort of other opportunities you want to highlight within your pipeline, either related to EJR or some of this?

Ron Glibrey | CEO:

Yes. Well, yeah, that's a good question. So, yeah, there's really two broad areas there. So, with regards to military, you know, the term that we refer to is size, weight, and power. So, you know, people want them smaller, they want them smaller, and they want them lighter, and they want, you know, less power consumption. So all those things, especially, I mean, pretty much everything for the military is battery operated. I mean, think of drones, think of, you know, soldiers, they're all in the field, and they're battery operated, so power consumption. So you know, optimizing all those parameters for our customers is a source of the NRE and that will definitely continue. And then, you know, for Edge AI, so the Edge AI, I'm sure you saw the slide and I think that slide that we showed about Edge AI where we show essentially the silos created by our technology versus traditional Wi-Fi technology really underscores the win there. One of our

engineers called it our superpower. It really is amazing how on a factory floor, for example, The only way to solve the interference problem with Wi-Fi is to create little rooms for each of the robots, which is not obviously practical. So some of the first quarter NRE was attributable to actually optimizing our system for Edge AI, but I think we'll continue to see that go over the course of the rest of this year as we get more and more customers involved in that space. And the idea is to, again, optimize for those situations. So, you know, the two main sources or the two main markets we feel are contributing to our NRE is, you know, is tactical communications as well as AJI.

Kevin Lu | Analyst, K. Lu and Company:

Got it. And maybe a couple of housekeeping ones for Jim before I turn it over. Just on the gross margin for the Q2 guidance, you know, obviously there was a nice margin for Q1. Is that sustainable given the mix of revenue that you see, or is it going to shift more heavily back towards the product side?

Jim Sullivan | CFO:

No, we expect it to shift more heavily back to product side. Obviously, with that large order, as Ron talked about, pushing the NRE was a larger percentage, so it pushed up the margins. we'll see, you know, a much higher percentage of product revenue in Q2. So I expect the margins, you know, to come back down into the 50s.

Kevin Lu | Analyst, K. Lu and Company:

Yeah, makes sense. And then lastly, what's kind of the appropriate share count we should be thinking about now for Q2 and beyond?

Jim Sullivan | CFO:

I'm sorry to say that again. What sort of

Kevin Lu | Analyst, K. Lu and Company:

The share count, just wondering where you guys stood, either at quarter end or today, that we can use in our model.

Jim Sullivan | CFO:

Oh, yes. In the script, we said approximately 14.2. We've been active in our ATM program. We'll provide a full update on that in the 10Q filing. But we're probably with additional activity, probably around 14.5 million shares, common shares and exchangeable shares outstanding.

Kevin Lu | Analyst, K. Lu and Company:

Got it. Thank you for that, and good luck here in the quarter.

Ron Glibrey | CEO:

Thanks a lot, Kevin. Thanks, Kevin.

Operator | Conference Call Moderator:

Thank you. I show there are no further questions in the queue at this time. That will conclude today's conference call. Thank you for your participation, and you may now disconnect.

Ron Glibrey | CEO:

Thank you.