NASDAQ:PRSO Q3 2026 Earnings Call Transcript

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Conference Operator | Operator:

Good afternoon and welcome to the Perazzo Inc.'s third quarter 2026 conference call. At this time, all participants are in a listen-only mode. If anyone needs assistance at any time during this conference call, please press the star key followed by the zero on your touch-tone phone. As a reminder, this conference call is being recorded today, Thursday, November 12, 2026. I would now like to turn the call over to your host for today's conference call, Mr. Kevin Liu. Please go ahead.

Kevin Liu | Incoming Interim CFO:

Good afternoon, and thank you for joining today's conference call to discuss Perazzo's third quarter 2026 financial results. I'm Kevin Liu, Perazzo's incoming interim CFO, and joining me today is Ron Glibbery, our CEO. Today, after the market closed, we issued a press release and related form 8K, which is filed with the Securities and Exchange Commission. The press release and form 8K are available on Perazzo's website at www.perazzoinc.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 IR 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. Peraza 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, any statements regarding customer demand forecasts and concentration risk, and any statements related to prospective future financing arrangements or capital transactions and evaluation or pursuit of strategic alternatives. All forward-looking statements are based on information available to Peraza on the date hereof. These statements involve known and unknown risks, uncertainties, and other factors that may cause Peraza'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 I set forth in Perazzo's public filings with the SEC. Perazzo 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 results, 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 Glibbery, for his prepared remarks. Ron?

Ron Glibbery | CEO:

Thank you, Kevin. Good afternoon and welcome to everyone joining us on the call and webcast. We appreciate you taking the time to be here today. As noted in our press release this afternoon, our third quarter results reflected the previously indicated headwinds from Dynamics in the fixed wireless access market. That said, we have begun to see tangible evidence of renewed customer demand and we expect an initial recovery highlighted by sequential revenue growth in the fourth quarter. While the broader market dynamics have been challenging in recent quarters, we have remained focused on the areas of the business that we can control. Notably, we have maintained operational discipline and kept overhead spending well controlled, as well as taken measures to reinforce the resilience of our supply chains. We have also continued to make meaningful progress toward expanding and advancing new customer engagements that we believe will be key to unlocking renewed future growth. Flipping to slide four, as a reminder, and for those newer to our story, there are three primary target end markets that we believe have a unique need and opportunity to benefit from Perazzo's 60 gigahertz technology. The first market is fixed wireless access, which remains our biggest, our largest and most mature market and where we continue to hold a leadership position with commercially proven technology. The second is defense and tactical communications, where the inherent stealth and jam resistant characteristics of 60 gigahertz are generating expanded interest across both airborne and ground based applications. Lastly is autonomous edge AI, where high bandwidth, low interference connectivity is required to support dense clusters of robots and other autonomous platforms. Across each of these markets and applications, 60 GHz mmWave technology can overcome fundamental limitations encountered with conventional wireless solutions that operate in lower frequency bands, particularly where capacity, interference, reliability, or security are critical to overall performance. Today, we have active engagements on a combination of new and existing opportunities to leverage Perazzo's proven 60 gigahertz technology across all three of these growing end markets. Turning to slide five, fixed wireless access again remains our largest and most commercially proven market. Perazzo has been shipping to customers in this market for over a decade. As I alluded to in my opening remarks, purchase order activity across our fixed wireless customers has been more irregular than usual throughout most of 2026. This has been largely due to elevated memory prices and the constrained supply of other components that are required to build and ship finished products. Although we believe it will take at least several quarters for recent market dynamics to fully normalize, we have begun to see tangible evidence of renewed customer demand. Notably, in October, we received a production order of more than $2 million in support of our customer's 60 gigahertz fixed wireless access deployment. This represents the largest fixed wireless order that we've received in six quarters and is consistent with our view that customer demand is beginning to reemerge. Shipments to fulfill this customer's order are expected to continue through mid-2027, at which point additional orders could follow. With diverse and long-held market acceptance of our 60 GHz technology for fixed wireless access deployments, we are confident that additional renewed demand will emerge in the coming quarters as other network operators and service providers look to leverage cost-effective alternatives to fiber for delivering multi-gigabit broadband in dense urban and suburban environments. More broadly, I want to briefly highlight recent public commentary from a major U.S. carrier that further validates the longer term potential for millimeter wave spectrum in fixed wireless access. As one data point, Verizon CEO indicated on their most recent earnings call that the company has developed an innovative approach to utilize its substantial millimeter wave spectrum holdings to deliver one gigabit per second fixed wireless service in metro areas. Over time, Verizon's goal is to expand the number of premises that can receive one gigabit speeds by incremental 10 to 15 million through fixed wireless access. The company's CTO subsequently reinforced this by noting that Millimeter Wave has found a second life to support fixed wireless access ambitions and that its role is expected to remain relevant over the long term. With no intention of indicating anything specific about potential future engagements with this carrier, I want to point to the comments because they underscore broader industry recognition that higher capacity millimeter wave can complement both mid band spectrum and even fiber as operators pursue greater network density and performance. And the associated value proposition for 60 gigahertz technology is even higher for connectivity in congested and capacity constrained environments. Looking at slide six. Beyond fixed wireless access, we are continuing to see increased interest and expanded engagements to utilize 60 gigahertz technology for unmanned aerial systems and broader defense communications. Modern

UAB operations require high capacity, low latency links that can support command and control, high definition video, sensor data, and inter-drone coordination, while also remaining difficult to detect, intercept, or jam in contested environments. delivering this combination of requirements simultaneously is challenging to begin with, but it becomes exceptionally difficult to achieve within the limitations of traditional sub six gigahertz radio links. Alternatively, 60 gigahertz millimeter wave technology is ideal for addressing these collective challenges with its highly directional adaptive beam forming capabilities by focusing communication signals into narrow, steerable beams of energy rather than radiating a broad signal, these links are able to achieve multi-gigabit throughput with inherently low probability of signal intercept detection and or jamming. Additionally, atmospheric oxygen absorption further confines the signal limiting propagation beyond the intended path. These attributes make 60 gigahertz uniquely well suited for a broad array of tactical defense applications from secure command and control and identification friend or foe or IFF to more complex mission objectives that require resilient connectivity in GPS-denied or electronic warfare environments. During the quarter, we formally introduced our PRM-2145 jam-resistant communications module. Purpose-built for UAB and defense platforms, the new module leverages Peraza's proven 60 GHz platform in a compact, lower power form factor optimized for the size, weight, and power constraints typical of airborne systems. This solution is specifically designed to support robust command and control links, high-definition video transport, ISR data, IFF comms, and drone-to-drone networking. We were excited to showcase these capabilities at the annual UAB Technology Conference in September, where the team observed heightened interest in jam-resistance and high-capacity wireless solutions for next-generation unmanned systems. More broadly, and as illustrated on this slide, We believe there is an expanding role for 60 GHz within hybrid UAB network architectures. This includes combining high-speed 60 GHz links with other transport layers, such as LEO satellite backhaul, selective fiber, or alternative RF paths, to deliver resilient end-to-end connectivity. These networks can be uniquely configured to optimize for range, capacity, and survivability, depending on the missions. In this visual example, a control drone or ground station can maintain high capacity jam resistant link to multiple client drones or fixed wing platforms. Then satellite or other layers extend those communications to beyond line of sight reach. The same directional and beamforming characteristics that ensure more secure defensive communications can also be leveraged to enable coordinated high density drone swarm operations without co-channel interference. We believe the proven real-world capabilities of Peraza's 60 GHz technology are poised to play an important role in both offensive and defensive drone applications as military and security organizations continue to pursue more resilient, higher performance, and secure communication solutions. Today, we remain closely engaged with multiple prospective partners and customers on these rapidly evolving UAV applications which we expect to unlock future complementary growth in tactical defense markets. Moving to slide seven, in addition to the broad UAB applications that we are actively pursuing, I want to briefly highlight another area of opportunity for our technology within defense, secure ground-based communications between tactical defense assets. Naturally, the same attributes that make our 60 gigahertz technology attractive for airborne platforms including narrowed beams that are difficult to detect and jam, high data rates and the ability to support mesh networking are equally relevant and valuable for rapidly deployed ground networks. These multipoint secure communication links can be deployed across a combination of supporting vehicles, forward operating positions, as well as other manned or unmanned assets. With what we believe to be late-stage evaluations currently underway with multiple prospective customers, We are increasingly viewing ad hoc ground-based networks as a realistic near-term revenue opportunity within the broader defense and tactical communications market. Turning to slide eight, we also continue to see growing inbound interest and engagements for autonomous edge AI applications. In October, we demonstrated high-speed 60 gigahertz connectivity between a humanoid robot and an edge AI server. Modern robotics and other autonomous platforms generate large volumes of sensor and video data and frequently need to exchange sizable AI models. In dense environments, traditional lower-frequency wireless creates significant co-channel interference. Directional 60 GHz links are designed to support multiple simultaneous multi-gigabit connections with low latency and minimal interference. enabling the high bandwidth connectivity required to offload compute intensive processing while keeping platforms lightweight and power efficient. We view this as an emerging but complementary opportunity alongside our core fixed wireless access and tactical defense markets. This and other emerging use cases further highlight the differentiated advantages of Perazzo's 60 GHz mmWave platform. Most notably, it's an inherently stealthy, anti-jamming, and high bandwidth capacity

characteristics with numerous applications spanning fixed wireless access, defense, tactical, UAV, and autonomous edge AI. In conclusion, we believe the breadth of our current customer engagements and the growing recognition of 60 GHz technology positions Perazzo for a return to growth in the fourth quarter. Additionally, the recently completed $10 million strategic investment from NetCapital meaningful strengthens our financial position and enables us to accelerate development and commercialization, particularly for advanced drone and defense communications solutions, while still maintaining a disciplined approach to capital allocation. Our near-term focus remains on converting a growing number of opportunities into design wins and production orders in support of driving future sustained top line growth. With that, I'll hand the call back to Kevin to review third quarter financial results.

Kevin Liu | Incoming Interim CFO:

Thank you, Rod. Turning to the results for the quarter, total net revenue for the third quarter was $0.3 million, compared with $1.3 million for the prior quarter and $3.2 million for the third quarter of 2025. Product revenue in the third quarter was $0.3 million compared with $1.2 million in the prior quarter and $3.1 million in the third quarter of 2025. The sequential decrease in product revenue for the third quarter of 2026 was attributable to reduced shipments of millimeter wave products. Gross margin was 78.5% in the third quarter compared with 63.7% in the prior quarter and compared with 56.2% in the year-ago quarter. The sequential and year-over-year increase in the third quarter of 2026 was primarily attributable to a more favorable mix of millimeter wave product revenue and a one-time benefit of approximately $55,000 from the reversal of inventory accrual. GAAP operating expenses for the third quarter of 2026 were $2.9 million compared with $3.1 million in the prior quarter and compared with $3.0 million in the third quarter of 2025. non-GAAP operating expenses, which exclude stock-based compensation, were $2.7 million in the third quarter, compared with $2.9 million in both the prior and year-ago quarters. GAAP net loss for the third quarter of 2026 was $2.7 million, or a loss of 18 cents per share, compared with a net loss of $2.2 million, or a loss of 16 cents per share, in the prior quarter, and compared with a net loss of $1.2 million, or a loss of 17 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 third quarter of 2026 was $2.5 million, or a loss of 16 cents per share. This compared with a non-GAAP net loss of $2.1 million, or a loss of 15 cents per share in the prior quarter, and a net loss of $1.1 million, or a loss of 15 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 third quarter of 2026 was approximately 15.2 million shares. Adjusted EBITDA, which we define as GAAP net income or losses 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 $2.4 million in the third quarter of 2026 compared with negative $2.0 million in the prior quarter and negative $1.0 million in the third quarter of 2025. With regard to the balance sheet, as of September 30th, 2026, the company had approximately $0.6 million of cash compared with $3.3 million as of June 30th, 2026. The net decrease in the company's cash balance primarily reflects the cash used from operations during the quarter and the payment of deferred equity facility costs, partially offset by proceeds from the committed equity facility. As previously disclosed, the company has been exploring potential strategic alternatives, including a merger, sale of assets or other similar transaction, as well as various potential sources of additional capital. As discussed on our last call, we entered into a committed equity facility with Roth principal investments in June, that provides optional access to up to $25 million of equity capital or working capital and continued product development. We received approximately $0.1 million of net proceeds in the third quarter of 2026 and approximately $1 million subsequent to quarter end from the committed equity facility. More recently, we secured a $10 million strategic investment from Nant Capital. The company intends to use the proceeds from this investment for working capital and general corporate purposes which is expected to include the development of advanced communication solutions for drone applications. Following the completion of this strategic investment in late October and as of today's call, the company has approximately 20.9 million shares of common stock and exchangeable shares outstanding. Given the strength in financial position and operational runway provided by Nant Capital's strategic

investment, the company has concluded its previously disclosed review of strategic alternatives. This concludes our prepared remarks and we thank you for your time this afternoon. Operator, please commence the Q&A session.

Conference Operator | Operator:

Thank you. The floor is now open for questions. If you wish to join the queue to ask a question at this time, please press star 1. We do ask if listening on speakerphone today, please pick up your handset while asking your question to provide optimal sound quality. Once again, please press star 1 on your phone at this time to join the queue to ask a question.

Conference Operator | Operator:

Please hold a moment while we pull for questions.

Conference Operator | Operator:

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

Kevin Liu | Incoming Interim CFO:

Thank you.