

A genuine operating recovery, not yet a durable turnaround in profitability or cash generation

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue (vs. Year Ago)	\$218.7 million	\$215.4 million	+1.5%
Adjusted EBITDA	\$26.8 million	\$28.7 million	-6.6%
Net Income (adjusted, vs. Year Ago)	\$12.4 million	\$7.0 million	+77.1%
Diluted EPS (adjusted)	\$0.07	\$0.038	+84.2%
SEGMENT REVENUE			
Cloud & Edge	\$123 million		
IP Optical Networks	\$96 million		

2 | GUIDANCE AND OUTLOOK

4Q2026 guidance calls for revenue of \$233 million to \$247 million, adjusted gross margin of 53.5% to 54.5%, and adjusted EBITDA of \$40 million to \$47 million, against Bloomberg consensus of \$49.7 million for EBITDA and 55.3% for gross margin. The updated full-year outlook fell again: revenue of approximately \$807 million to \$821 million, from \$810 million to \$840 million in July, and adjusted EBITDA of approximately \$70.5 million to \$77.5 million, from \$78 million to \$88 million; the new EBITDA ceiling sits below the previous floor.

3 | EARNINGS ANALYSIS

A RECOVERY, NOT A TURNAROUND. Revenue rose 13.7% sequentially to \$218.7 million and adjusted EBITDA increased 125.5% to \$26.8 million. Against expectations, the quarter was weaker: adjusted EBITDA missed the \$28.7 million consensus, gross margin of 50.3% missed by 100 basis points and finished below the entire 51% to 52% July guidance range, and revenue finished below the \$222.5 million guidance midpoint. Only adjusted EPS clearly beat, at \$0.07 against a \$0.038 consensus.

THE EPS BEAT WAS TAX-DRIVEN. Adjusted net income rose to \$12.4 million from \$7.0 million a year earlier even though adjusted EBITDA declined, because adjusted pretax income was approximately \$11.5 million in both periods. The adjusted tax line swung from approximately \$4.6 million of expense to approximately \$0.9 million of benefit, a \$5.5 million favorable move that slightly exceeded the \$5.4 million increase in adjusted net income. The beat was a below-the-line effect.

CLOUD & EDGE CARRIED EARNINGS. Cloud & Edge revenue rose 11% sequentially to \$123 million, with gross margin up 210 basis points to 61.9% and segment EBITDA of \$28 million, more than the consolidated total. IP Optical Networks revenue rose 17% sequentially and 5% year over year to \$96 million, but gross margin fell 390 basis points year over year to 35.5% and the segment still lost \$1 million of EBITDA. Its 3Q book-to-bill was approximately 0.82x, below 1.0x, against a 9-month book-to-revenue ratio of 1.24x.

GUIDANCE FELL AGAIN. The 4Q EBITDA midpoint of \$43.5 million sits 12.5% below consensus, and the updated full-year EBITDA midpoint of approximately \$74 million is 10.8% below the July outlook. The new full-year EBITDA range tops out at \$77.5 million, below the previous range's \$78 million floor, so most of the downgrade is a weaker remaining-quarter outlook, not the completed quarter. Even if the current outlook is achieved, annual revenue would decline approximately 3.7% and adjusted EBITDA approximately 31% against 2025.

LEVERAGE SETS THE CLOCK. Reported leverage of 4.4x stands against a covenant maximum of 4.5x for September 2026 that steps down to 4.0x for December 2026. Operating cash flow was negative \$14.4 million and negative \$47.9 million year to date, receivables absorbed approximately \$25.7 million of cash, and unrestricted cash was approximately \$40.4 million. At the 4Q guidance midpoint, approximately \$15 million of net debt reduction would be required to reach 4.0x on the summary's illustrative calculation. The summary's invalidation signals are another material guidance reduction, continued operating cash outflows despite higher shipments, and leverage that fails to decline.

4 | KEY READ-THROUGHS

REGIONAL AND INTERNATIONAL TRANSPORT INVESTMENT IS BROADER THAN DIRECT HYPERSCALER SPENDING
ADTRAN Holdings (ADTN); Nokia (NOK) | Positive | Moderate
Ribbon's IP Optical revenue grew 17% sequentially, U.S. segment sales grew more than 150% year over year, and it added 2 new U.S. Tier 2 customers and a Vietnam project exceeding \$10 million for 2026. Management said the biggest opportunities are with traditional Tier 1 telecom operators, not direct hyperscaler awards. That breadth supports ADTRAN's optical business, 39% of its revenue, and Nokia's demand durability into 2027.

SYSTEMS VENDORS FACE A PERSISTENT GAP BETWEEN BACKLOG GROWTH AND PROFITABLE DELIVERY
ADTRAN Holdings (ADTN); Ciena (CIEN) | Negative | Potentially meaningful for ADTRAN, moderate for Ciena
Ribbon guided to approximately \$2 million per quarter of higher component and logistics costs, about 83 basis points of gross margin at its \$240 million revenue midpoint, with \$5 million to \$10 million of shipments potentially slipping from 4Q and only partial pricing recovery in 2027. Missing components can strand otherwise complete systems. Ciena's stronger margins argue against transferring Ribbon's outcome directly.

NATIVE CRM-BASED CONTACT CENTERS INCREASE COMPETITIVE PRESSURE ON STANDALONE PLATFORMS
Five9 (FIVN); NICE (NICE) | Negative | Moderate
Salesforce's Agentforce Contact Center, which Ribbon's session border controller and policy-routing software support, is expected to reach several major enterprise deployments over the coming months. A native Salesforce configuration gives customers an alternative to a separate contact-center platform, pressuring win rates, expansions, and renewal pricing for Five9 and NICE. The call does not establish displacement. Five9's subscription revenue grew 14%; NICE reported \$362 million of AI ARR.

VOICE INTERCONNECTION CAN BENEFIT FROM AI EVEN WHEN HUMAN-SEAT GROWTH SLOWS
AudioCodes (AUDC) | Positive | Moderate, potentially meaningful at AudioCodes' scale
Automated voice agents still require telephony connectivity, session handling, routing, and security, so voice-infrastructure suppliers can monetize AI without growth in human contact-center seats. Ribbon expects AI voice deployments to create subscription revenue and is adding SBC defenses against AI-generated impersonation. AudioCodes reports more than 50% conversational-AI growth and \$84 million of combined recurring revenue in its growth businesses. Salesforce's disclosed infrastructure relationship is with Ribbon, not AudioCodes.