

Action Summary – 3 December 2024

Analyst Theodore R. O'Neill is **initiating coverage of Ceragon Networks Ltd. with a Buy rating and \$10PT**

- **Our buy rating reflects the notable change in the financial performance the company has recorded under its current management team.**
- **The financial performance has improved immensely under new management.** The current CEO joined in April 2021 and the performance of the company swiftly changed. In the last 14 quarters, CRNT's revenue has risen ~3%/quarter on average. In the preceding 21 quarters revenue showed no growth.
- **Significantly improved operating margins.** The same improvement we see in sales under the current management team is amplified in operating margins performance. In the last 14 quarters, CRNT's operating margins went from low single digits to low double digits. In the preceding 21 quarters, operating margins averaged 3.6%.
- **Solid product portfolio.** It's clear from the growth in operating margins that the company is focused on providing higher margin products and services which include serving customers that need either incremental capacity (all of them), managed services due to a limited pool of expertise (many of them) or both.
- **Shares appear to be priced significantly below absolute and comparative metrics.** The shares are selling at a discount to both our discounted price target model and its peers.

12/2 Closing price: \$4.16	Market cap: \$371 million	2025 Market cap/sales: 0.85x	2025 EV/Sales: 0.88
Shares outstanding: 90 million	Insider ownership: ~20%	Avg. trading volume: >500,000	Dividend/Yield: NA/NA

Revenue and Adjusted EPS estimates (EPS in USD – Revenue in USD millions)

Period	EPS	Revenue	Operating Margin
FY22A	<u>(\$0.15)</u>	<u>\$295.2</u>	<u>(3.7%)</u>
FY23A	<u>\$0.20</u>	<u>\$347.2</u>	<u>6.1%</u>
1Q24A	\$0.05	\$88.5	4.8%
2Q24A	\$0.11	\$96.1	10.8%
3Q24A	\$0.16	\$102.6	14.3%
4Q24E	<u>\$0.11</u>	<u>\$102.8</u>	<u>10.3%</u>
FY24E	<u>\$0.43</u>	<u>\$390.0</u>	<u>10.2%</u>
1Q25E	\$0.11	\$102.0	10.0%
2Q25E	\$0.10	\$105.0	9.7%
3Q25E	\$0.09	\$103.0	9.2%
4Q25E	<u>\$0.08</u>	<u>\$100.0</u>	<u>8.5%</u>
FY25E	<u>\$0.39</u>	<u>\$410.0</u>	<u>9.4%</u>

Note: Numbers may not add due to rounding. See our full model in the back of this report.

Cash balance (USD millions)

• 2022A	• \$22.9
• 2023A	• \$28.2
• 2024E	• \$51.3
• 2025E	• \$86.6

Short term debt (USD millions)

• 2022A	• \$37.5
• 2023A	• \$32.6
• 2024E	• \$28.0
• 2025E	• \$25.0

Risks/Valuation

- Risks include competition, government funding, network growth demands
- Our \$10.00 target is derived using a discounted future earnings model

Company description: Ceragon (NASDAQ: CRNT) is a global innovator and leading solutions provider of end-to-end wireless connectivity, specializing in transport, access, and AI-powered managed & professional services. Through its commitment to excellence, it empowers customers to elevate operational efficiency and enrich the quality of experience for their end users.

Figure 1 – Ceragon Networks – One year Trading snapshot



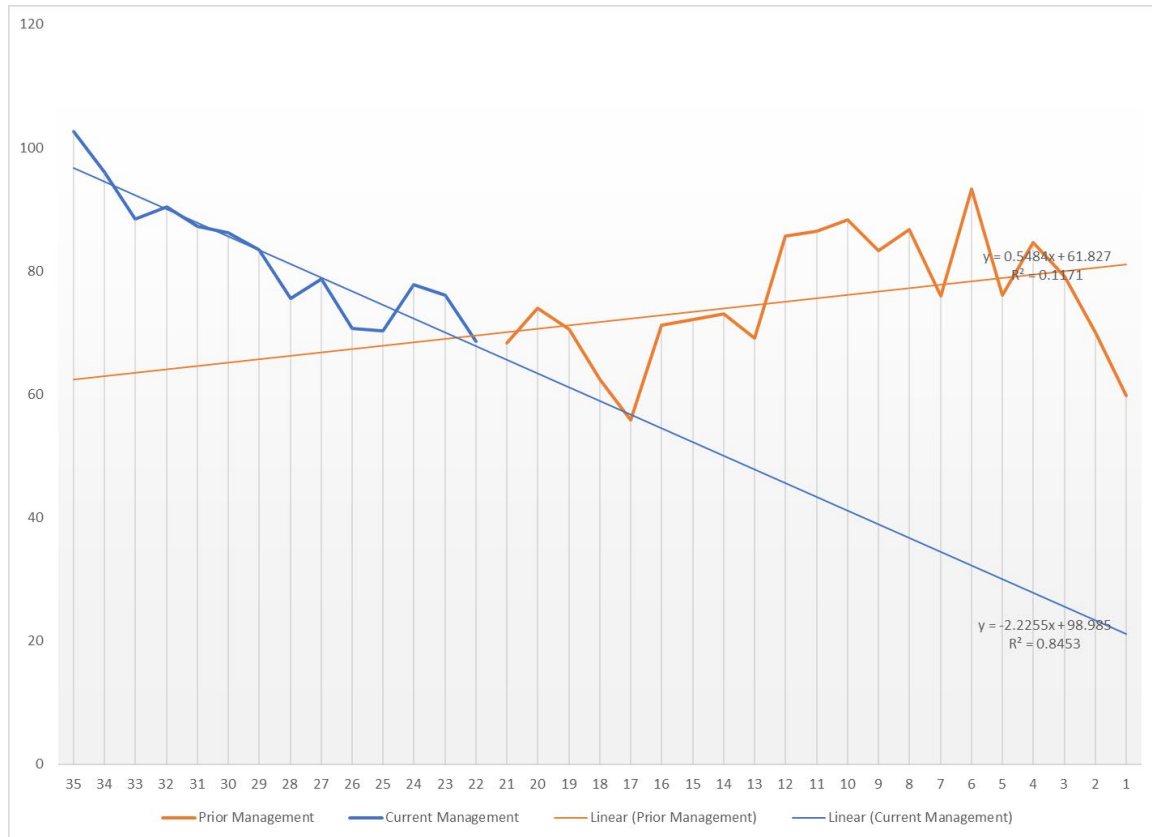
Source: FactSet

Investment Thesis

We are initiating coverage of Ceragon Networks with a Buy rating and a USD\$10PT.

The financial performance of the company has improved immensely under new management. The current CEO joined in April 2021 and the performance of the company swiftly changed (see Figure 2). In the last 14 quarters, CRNT's revenue has risen ~3%/quarter on average. In the preceding 21 quarters, revenue showed no growth. While COVID had a negative impact, the trend lines over a long period show a statistically significant impact in the last 14.

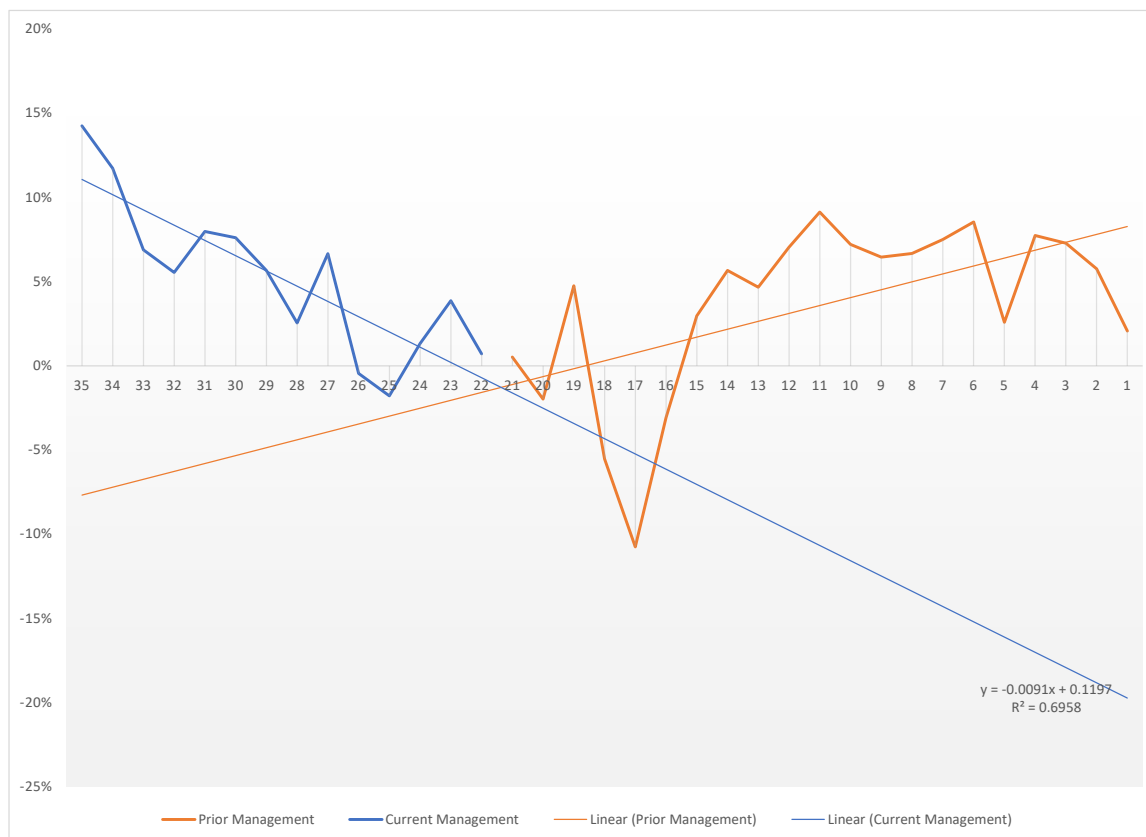
Figure 2 – Ceragon Networks – Quarterly Revenue 1Q16-present (USD\$ Millions)



Source: Company Filings and Litchfield Hills Research

Significantly improved operating margins. The same improvement we see in sales under the current management team is amplified in performance of operating margins (see Figure 3). In the last 14 quarters, CRNT's operating margins went from low single digits to low double digits. In the preceding 21 quarters operating margins averaged 3.6%. Also, COVID had a negative impact, but excluding that period would yield a flat trendline as compared to the current trendline.

Figure 3 – Ceragon Networks – Quarterly Operating Margin 1Q16-present



Source: Company filings and Litchfield Hills Research

Current consensus estimates for 2026 understate the long-term outlook. The company has provided revenue outlook for 2026 of USD\$500MM. This forecast by the company requires no leap of faith from the current revenue growth trajectory already demonstrated. As such it may not include impacts of new products and new markets, yet the consensus is for revenue of USD\$445MM.

Solid product portfolio. It's clear from the growth in operating margins that the company is focused on providing higher margin products and services including serving customers that need either incremental capacity (all of them), managed services due to a limited pool of expertise (many of them) or both.

Shares appear to be priced significantly below absolute and comparative metrics. The shares are selling at a discount to both our discounted price target model and its peers.

Valuation Methodology

We believe CRNT is undervalued, and we support that belief with a series of valuation techniques. We use two different techniques, below. To determine our price target, we use a discounted future earnings model, and we validate that result with a comparison to peers, i.e.:

- 1) The discounted value of all future earnings was used for our price target (see Figure 4)
- 2) Valuation relative to peers (see Figure 5)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$10.00 is based on a discounted earnings model. For valuation purposes, we sum up all future GAAP earnings discounted at 10%. We assume potentially flat EPS growth in 2025 as we are taking a more conservative view of the unfolding impact of the new US administration, after which growth resumes and steps down to GDP after 5-7 years. Our valuation model is shown in Figure 4 below. Note, this model understates future new products and growth through acquisitions and probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is \$9.91, which we round to \$10.00. Were it to trade at that level, the implied 2025 EV/Revenue would be slightly higher than average, and nowhere near the high end of the range.

Figure 4 – Ceragon Networks – Price Target Calculation

Discounted future earnings: \$9.91			
YEAR	EPS	Discounted EPS	
2024	\$0.32	\$0.32	
2025	\$0.31	\$0.29	
2026	\$0.35	\$0.30	
2027	\$0.42	\$0.33	
2028	\$0.47	\$0.35	
Terminal Value		\$8.33	

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

If we compare CRNT to a simple average of its peers (Figure 5), the shares sell at a discount on sales measures ranging from 52% to 54%. Assuming CRNT should trade at an average multiple, and we would argue that due to its growth potential, it should trade above average, these metrics indicate the stock price should be higher than where it is today. Details on each of the peers can be found in Figure 13 near the back of the report. The companies we used in Figure 13 are in similar lines of business although none of them are a perfect match.

Figure 5 – Ceragon Networks – Discount to Peers

	2025 Market Cap / Sales	2025 EV / Sales
Average	1.76	1.91
CRNT	0.85	0.88
Discount to peers	52%	54%

Source: Litchfield Hills Research LLC and FactSet

Guidance and Financial Forecasts

The company provides full year 2024 revenue guidance of between USD\$390MM and USD\$400MM and is targeting a non-GAAP operating margin of at least 10% at the mid-point of the revenue range. It is also targeting 2026 revenue of USD\$500MM along with non-GAAP gross margins of at least 35%. Our 2025 forecast shows a \$0.01 drop in EPS, but that is largely due to a legal settlement that created a windfall in 3Q24 and our assumption of some slowing of growth, simply to be conservative in our forecast.

Company Overview

Summary

Founded in July 1996 in Israel, Ceragon Networks Ltd. (NASDAQ: CRNT) is a global innovator and leading end-to-end wireless connectivity solutions provider. Specializing in transport, access and artificial-intelligence-powered (AI-powered) managed and professional services, Ceragon offers a comprehensive portfolio of high-capacity wireless transport solutions. Central to the company's market differentiation is the proprietary Multicore™ technology, which distinguishes its offerings in the "best-of-breed" segment.

The company serves a diverse customer base, including service providers, utilities, public safety organizations, government agencies and energy companies. Its wireless expertise supports 5G and 4G broadband connectivity, mission-critical services and applications requiring ultra-high reliability and speed. With a 31% market share by units in the best-of-breed segment, CRNT's solutions are deployed by over 600 service providers and more than 1,600 private network owners in 130 countries.

Figure 6 - Ceragon Networks Key Financial Data – 2022, 2023 and 6M 2024

Key Financial Data (USDMM)	2022	2023	6M 2024
Revenues	295.1	347.1	184.5
Operating income (loss)	-10.9	21.2	14.5
Net Income/(Loss)	-19.6	6.2	8.2
Cash and cash equivalents	22.9	28.2	26.3
Trade and other receivables	100.0	104.3	112.8
Trade and other payables	67.3	67.0	67.4
Total Equity	119.7	134.1	143.5
Net Cash from Operations	-4.8	30.8	11.3

Source: Litchfield Hills Research LLC and company press releases, Mar 2024 and August 2024

Key Solutions Offered

Ceragon provides advanced wireless transport solutions and services, enabling cellular operators, service providers and private networks to evolve their infrastructure toward 4G and 5G capabilities. These solutions support a broad spectrum of services, including voice, mobile and fixed broadband, multimedia, industrial/machine-to-machine (M2M) communication, Internet of Things (IoT) connectivity, public safety and other mission-critical applications.

CRNT offers a broad portfolio of innovative, field-proven, high-capacity wireless transport solutions, distinguished by the unique Multicore™ technology. This technology features a high order of digital signal carriers embedded in modems with multiple baseband cores, specifically designed for microwave and millimeter-wave communications. It also includes radio frequency integrated circuits that support the entire microwave and millimeter-wave spectrum. The company integrates the Multicore™ technology System-on-a-chip (SoC) into sub-systems and complete wireless transport solutions, delivering exceptional value to customers.

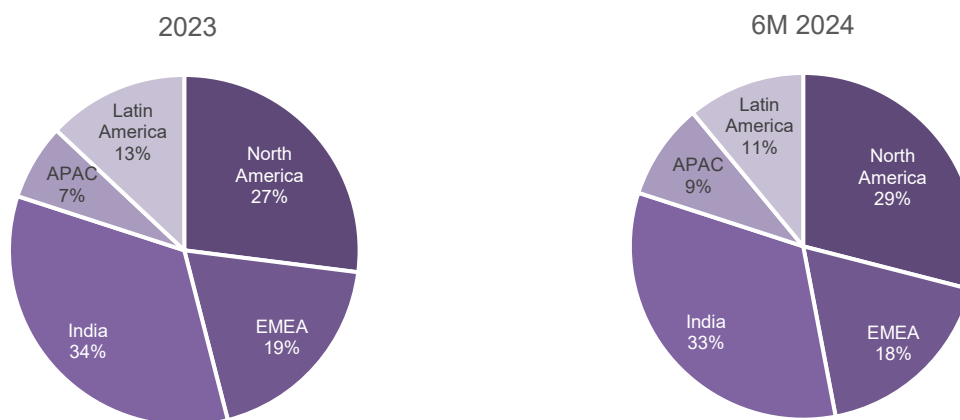
Ceragon caters to a wide range of vertical markets, including cellular operators, internet service providers (ISPs), public safety organizations, municipalities, government bodies, utilities, oil and gas platforms, maritime communications, broadcasters and defense sector companies. The company's technology is centered around microwave and millimeter-wave radio solutions, which efficiently manage large volumes of telecommunication traffic between wireless 5G, 4G, 3G and other cellular base stations and service providers' core networks. These technologies offer wireless connectivity that dynamically adapts to varying weather conditions, optimizing range and efficiency within specific frequency channel bandwidths.

Beyond technology, Ceragon offers a comprehensive suite of turn-key services, including advanced network and radio planning, site surveys, solutions development, network rollout, maintenance, network audit and optimization and training. Additionally, CRNT partners with third-party providers to integrate complementary technologies such as unlicensed point-to-point, private long-term evolution (LTE), licensed/unlicensed point-to-multipoint and Internet protocol/multi-protocol label switching (IP/MPLS) solutions.

The company's deployment services are supported by powerful project management tools such as the "InSide Software" tool, which streamlines the deployment of complex wireless networks, reducing setup time and costs and enabling a faster time-to-revenue. With the capability to deploy hundreds of wireless

transport links weekly, Ceragon has a proven track record of successfully installing and operating hundreds of thousands of links globally. The company's solutions are designed to support all network scenarios, enabling seamless migration from legacy networks to modern architectures. These solutions are compatible with all wireless access technologies, including 5G-NR NSA, 5G-NR SA, LTE, HSPA, EV-DO, CDMA, W-CDMA, WIFI, GSM, as well as critical communication standards such as Tetra, P.25 and LMR.

Figure 7 – Ceragon Networks - Revenue by Geography



Source: Litchfield Hills Research LLC and company press releases, Mar 2024 and Aug 2024

In 2023, Ceragon sold products, directly and through a variety of channels, to over 600 service providers and more than 1,600 private network customers in more than approximately 130 countries. The principal customers are wireless service providers that use the products to expand transport network capacity, reduce transport costs and support the provision of advanced telecommunications services. The company continued to maintain the position as the number one wireless transport specialist, in terms of unit shipments and global distribution of the business. While most of the sales are direct, the company reaches a number of these customers through original equipment manufacturer (OEM) or distributor relationships. The company also sells systems to large enterprises and public institutions that operate their own private communication networks through system integrators, resellers and distributors. The customer base is diverse in terms of size and geographic location.

Figure 8 – Ceragon Networks - Client base

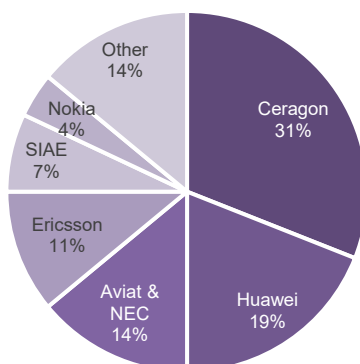


Source: Ceragon Networks Investor Presentation - Aug 2024

Market Share

The best-of-breed market is valued at approximately US\$2.1B and is experiencing modest growth. Within this market, Ceragon has established itself as the leading player in terms of units sold. The company continues to expand its market share, driven by its ability to consistently deliver specialized solutions that meet the evolving needs of its clients. As Ceragon solidifies its position as a market leader, its focus on innovation and quality continues to attract more customers, further consolidating its dominance in the best-of-breed segment. The market share shown in Figure 9 for CRNT has improved to 35% since this chart was drawn.

Figure 9 - Ceragon Networks - Market share in the Best-of-Breed market (2024)



Source: Ceragon Networks Investor Presentation - Aug 2024

Key Developments

- On December 5, 2023, Ceragon acquired Siklu, a multi-gigabit "wireless fiber" connectivity provider, for an enterprise value of USD\$13-15MM. The acquisition is expected to enhance Ceragon's market presence, particularly in the fixed wireless access (FWA) segment, by leveraging Siklu's leadership in the North American millimeter-wave market. The deal is expected to help increase Ceragon's 2024 revenue by USD\$25-29MM and improve its gross margins. Additionally, the acquisition will strengthen Ceragon's capabilities in FWA applications and support Smart City initiatives, enabling a broader range of services for telecom providers and urban infrastructure.
- Ceragon saw significant adoption of its Smart Activation Key software, driving a shift toward Software-as-a-Service (SaaS) models and recurring revenue streams. This innovative software allows customers to dynamically activate and manage network features, enhancing flexibility and scalability. The transition will support Ceragon's strategy of building a steady, predictable income stream and has already secured tens of thousands of licenses from customers in multiple regions. This development will also improve operational efficiency and reduce costs for network operators while solidifying Ceragon's financial stability.
- Ceragon secured a multi-million-dollar deal with a leading American ISP for its Siklu E-Band product on July 9, 2024. This partnership marks a substantial expansion in the ISP's network coverage, leveraging Siklu's high-capacity, high-performance connectivity solutions to meet the growing demand for faster and more reliable internet services. This deal underscores Ceragon's commitment to advancing network infrastructure and addressing the evolving needs of ISPs.

Strategy Outlook

Ceragon is strategically focusing on several key areas to drive growth and solidify its market position. For instance, the company is capitalizing on its disruptive 5G open wireless transport offerings, bolstered by in-

house, next-generation technology projected to be 2-3 years ahead of the competition. This strong technological foundation gives the company an edge with Tier-1 and Tier-2 services providers.

Additionally, CRNT is targeting new customer segments, including smaller service providers and private networks, where price pressures are lower, and margins are higher. The company emphasizes its comprehensive, end-to-end solutions that cater to private network customers, particularly in North America, which remains a focal market. Expansion through targeted mergers and acquisitions is also a significant component of its strategy.

Moreover, Ceragon is developing new growth engines by expanding its recurring business through software-led managed services, introducing new software applications and enhancing its Point-to-Multipoint FWA offerings with mesh technology. These initiatives are designed to modernize networks efficiently, reduce the total cost of ownership and position Ceragon as a leader in the evolving "connectivity everywhere" era.

Guidance

Ceragon's revenue growth was 18% in 2023, driven by significant bookings from private networks, particularly in North America and other key regions. This has substantially expanded the company's presence in the addressable market. Demand in India also remained strong, contributing 37% of the total revenue, and the company recorded its highest quarterly revenues in India since Q2 2018, resulting in increased market share.

For 2024, Ceragon projects its revenue to be between USD\$390MM and USD\$400MM, representing a growth of 12% to 15% compared to 2023, including contributions from Siklu, which was acquired in December 2023. The company targets non-GAAP operating margins of at least 10% at the midpoint of this revenue guidance. Consequently, the management expects an increase in non-GAAP profit and positive free cash flow for the full year of 2024.

Looking ahead to 2026, Ceragon is targeting revenue of USD\$500MM, with non-GAAP gross margins expected to grow to at least 35-38% over the same period.

Industry Overview

Wireless Network

Wireless transport connects mobile network sites (e.g., cellular base stations in various architectures) to the rest of the network. It carries information to and from the cellular base stations. It is used for high-speed connectivity to telecom sites, typically when Fiber optics wireline connectivity is not available and for its backup or where and when rapid deployment is required. According to recent market research, about 45% of global telecom sites are connected to the rest of the network via wireless transport, and this portion is expected to grow in the coming years.

This technology encompasses a range of network connectivity methods and protocols, operating at various speeds to serve distinct functions within telecommunications networks. These include (i) backhaul, used in 4G, 5G and earlier mobile network generations to transmit data packets between the network core and base stations, as well as between base stations and other network elements, and (ii) fronthaul, used in 4G and 5G networks to relay radio signal data between different components of a base station, which can be geographically distributed to optimize network performance in specific scenarios.

Wireless transport technology is versatile, serving various sectors such as government, public safety, maritime, education, broadcast, utilities, transportation, wireless expansion, and energy, emphasizing its role in broad and critical network applications.

Benefits of wireless networks

- **Cost-Effective Deployment:** Wireless transport offers lower deployment costs than Fiber, making it a more accessible solution, particularly in rural and suburban areas.

- **Rapid Implementation:** Wireless solutions can be deployed quickly, enabling faster network expansion and modernization.
- **High-Capacity & Carrier-Grade Service:** Wireless transport can deliver high bandwidth and carrier-grade network services, which are crucial for modern applications such as 4G and 5G.
- **Ideal for Diverse Applications:** Wireless transport is suitable for a wide range of applications, including government, public safety, maritime, education, broadcast, utilities, transportation and energy sectors.

Outlook

The demand for wireless networks is projected to grow at a CAGR of 3% from 2025 to 2029ⁱ. This steady growth highlights the increasing reliance on wireless technologies as the backbone for modern communication infrastructures.

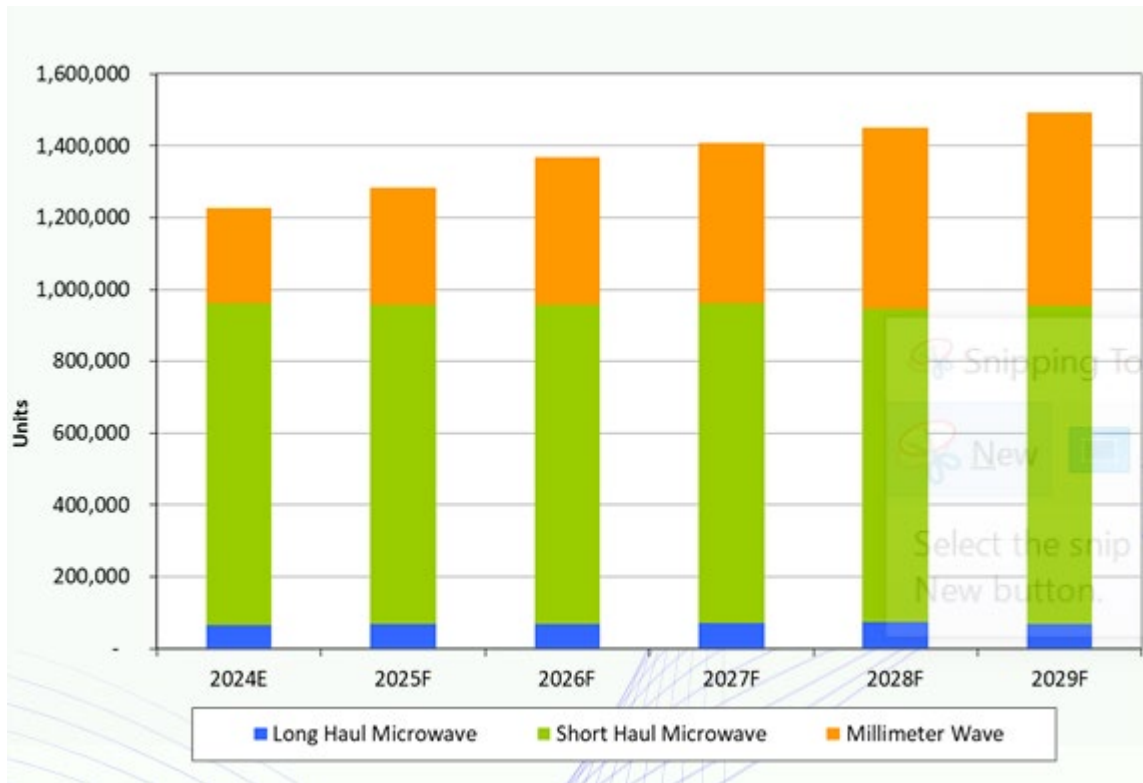
One of the most notable trends within this growth period is the significant rise in demand for millimeter wave technology. From 2023 to 2029, the adoption of millimeter wave technology is expected to accelerate rapidly. This surge reflects its critical role in addressing the escalating capacity requirements brought on by the proliferation of 5G networks and the anticipated evolution toward even more advanced wireless standards.

Millimeter wave technology is particularly valued for its ability to deliver high bandwidth and low latency, making it ideal for the densely populated urban areas and high-traffic environments where 5G is most impactful. As more devices become connected and the consumption of data-intensive applications, such as video streaming and augmented reality, continues to grow, the capacity offered by millimeter-wave frequencies will be essential to maintaining the performance and reliability of wireless networks.

In contrast, the demand for traditional long-haul and short-haul microwave technologies will continue to grow, albeit at a slower pace. These technologies remain crucial for various applications, particularly in regions where infrastructure investments in fiber or newer technologies may not be feasible. However, the clear trend is toward millimeter wave technology, expected to dominate the market as the go-to solution for high-capacity, high-frequency wireless transport.

Overall, the wireless network landscape is poised for substantial evolution, with millimeter-wave technology emerging as a key driver of future growth and innovation in the industry.

Figure 10 - Ceragon Networks – Global Wireless Transport Radio Unit Forecast 2024 - 2029



Source: Ceragon Networks Investor Presentation and Skylight Research 2024

Catalyst supporting growth for wireless transport

The market demand for wireless transport is primarily driven by cellular operators, wireless broadband service providers, businesses and public institutions managing private networks. This demand is fueled by the rapid increase in mobile data usage in developing and developed nations. The primary catalyst for the evolution of wireless transport is the significant rise in global data and video consumption. This evolution has necessitated higher capacity and more cost-efficient architectures, primarily utilizing IP/Ethernet technologies, across a variety of emerging network scenarios and architectures.

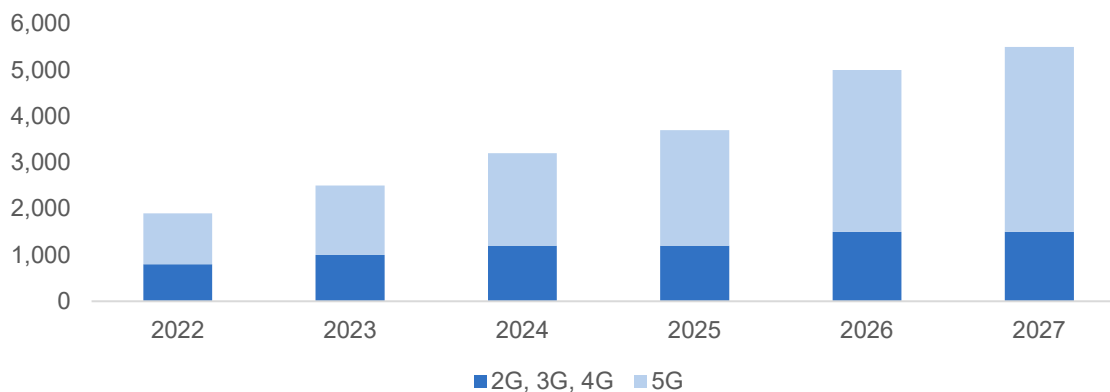
In 4G networks, the fronthaul transport connects remote radio heads to centralized or cloud-based baseband units (BBU), while the backhaul links these BBUs to the 4G evolved packet core. In 5G networks, new radios connect to the BBU, which can be disaggregated into a central unit and a distributed unit. A new midhaul interconnects the central unit (CU) to the distributed unit (DU) via a standardized 3GPP interface. With the support of organizations such as the operator-led O-RAN Alliance, 5G fronthaul and midhaul network interface specifications have become open and structured. This standardization allows Mobile Network Operators to source radio units, DUs, CUs, and the associated transport networks from various vendors, presenting new market opportunities for Ceragon's leading wireless transport solutions with its open network architecture.

The rapid growth in subscribers and connections, coupled with the proliferation of advanced end devices—driven primarily by video content—has drastically increased the traffic load on cellular operators' transport infrastructure. Additionally, the expansion of IoT technologies, industrial, security and metering devices, along with the deployment of new 5G network architectures, is driving up the total capacity and coverage required across networks. This, in turn, places additional strain on network capacity, necessitating even higher capacity wireless backhaul and fronthaul connectivity.

Furthermore, the emergence of new WiFi technologies, which offer significantly higher capacities to end users and devices, is creating a demand for more robust backhaul solutions. Increasing requirements are also emerging from private networks in sectors such as campuses, oil and gas and critical infrastructure. Smart and safe city initiatives demand enhanced capacities and performance in 'Street Level Networking' through Point-to-Point (PtP) and Point-to-Multipoint (PtMP) solutions.

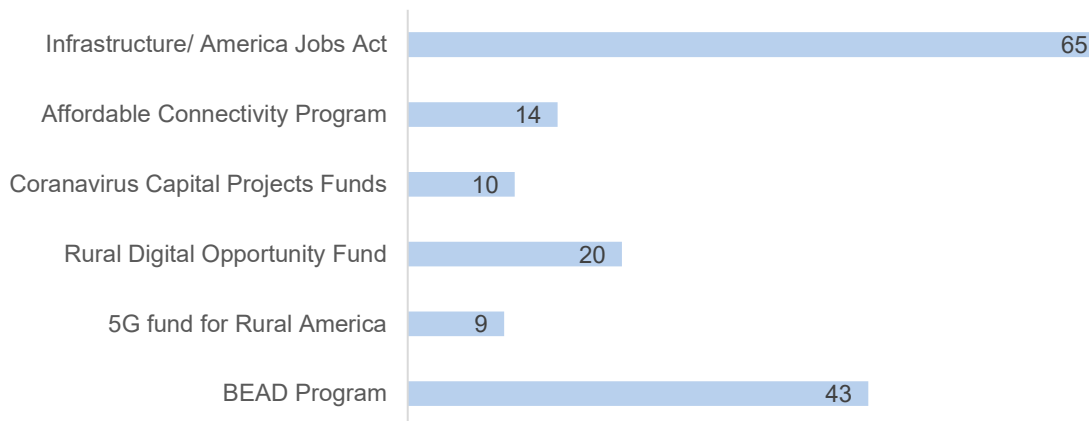
As the adoption of 4G continues to grow and the pace of 5G adoption accelerates—both of which demand even faster network speeds and greater wireless transport capacity—cellular operators are actively seeking strategies and new technologies that enable rapid and cost-efficient deployment of new services, thereby driving further business growth.

Figure 11 – Ceragon Networks - Total Mobile Data Traffic per year (Exabytes) by Cellular Generation of Top 30 countries



Source: Ceragon Networks Investor Presentation - Aug 2024

Figure 12 – Ceragon Networks - Projected connectivity expenditure over the next five years (USD billions)



Source: Ceragon Networks Investor Presentation - Aug 2024

Key developments in the industry

- **Pandemic-driven surge in network traffic:** The COVID-19 pandemic from 2020 to 2023 led to a significant increase in network traffic as businesses and individuals shifted to remote work and online activities. This surge exposed the limitations of existing broadband networks, particularly in rural areas, prompting service providers to invest heavily in infrastructure upgrades to meet the growing demand.
- **Persistent high traffic levels:** The elevated levels of network traffic observed during the pandemic are expected to persist or even grow. This is driven by the continued adoption of remote work, the reliance on video calls and streaming and the increasing use of visual communication tools by different age groups.
- **Advancement of 5G technology:** The rollout of 5G technology is enabling network operators to offer new services such as enhanced mobile broadband (eMBB), IoT and Industrial IoT (IIoT). These services require higher capacity, lower latency networks and denser cell infrastructure, including distributed small cells. The adoption of network virtualization technologies, such as software-defined networking (SDN) and network slicing is becoming critical to support these advanced 5G services.
- **Expansion of non-mobile transport applications:** There is increasing demand for wireless transport solutions in non-mobile sectors, such as offshore communications for oil, gas and shipping industries, broadcast networks for live video distribution and smart grid networks for utilities and government entities. These applications require robust, reliable solutions capable of operating in challenging environments.
- **Rising demand for long-haul solutions in emerging markets:** In emerging markets where fiber infrastructure is limited, there is a growing need for high-capacity, IP-based long-haul solutions. This demand is driven by the ongoing efforts of service providers to connect more communities and bridge



the digital divide, particularly in regions such as India, Africa, and Latin America. As subscriber growth approaches saturation, the focus is shifting to enhancing network capabilities with 4G and future 5G services.

Competition

We compare it to a list of companies with one or more similar product or market characteristics in Figure 13.

Management

Doron Arazi, CEO

Mr. Arazi is the Chief Executive Officer of Ceragon Networks. He rejoined Ceragon as CEO after taking a year and a half break during which he served as CFO of privately held software companies in the Cyber and Telecom spaces. Mr. Arazi joined the company in 2014 as Executive Vice President and Chief Financial Officer, and in 2016 was appointed Deputy CEO, while continuing to carry the role of Chief Financial Officer. Prior to joining Ceragon, Mr. Arazi had a long, successful career with Amdocs where he managed the business relationship with a U.S. Tier 1 mobile operator and was responsible for hundreds of employees. Prior to Amdocs, Mr. Arazi looked after the financial and growth activities of other high-tech companies in the telecommunications sector, including serving as CFO of Allot Communications and VP of Finance at Verint. Mr. Arazi is a CPA and holds a B.A. degree in Economics and Accounting as well as an MBA degree focusing on Finance and Insurance, both from Tel Aviv University.

Ronen Stein, CFO

Mr. Ronen Stein joined Ceragon in 2022 and serves as Chief Financial Officer. In this role, Mr. Stein provides financial and strategic leadership and planning to help accelerate Ceragon's business momentum and deliver profitable growth. Mr. Stein is an accomplished financial executive and business leader with more than twenty years of CFO experience in both private and U.S. listed public companies. Mr. Stein has extensive experience in mergers and acquisitions in diverse industries, leading transactions from both sides of the table. Most recently, Mr. Stein was CFO of Siklu, an Israel-based company in the telecommunications sector. Prior to that, he served as the CFO of 10bis, Enercon technologies, Knock N'Lock, and Pointer Telocation (Nasdaq: PNTR). Mr. Stein is a Certified Public Accountant in Israel and has a Master of Business Administration (M.B.A.), as well as a bachelor's degree in economics and accounting, both from Tel Aviv University.

Figure 13– Ceragon Networks – Comp Table

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2025 Consensus Multiples (except book)			
					PE	EV /Sales	Market Cap / Sales	EV / EBITDA
ERIC.A-SE	Telefon AB L.M.Ericsson (Class A)	\$8.14	27,199	26,611	14.93	1.14	1.17	7.24
NOKIA-FI	Nokia Corp. (FI Listing)	\$4.20	24,225	18,736	12.58	0.93	1.19	6.89
6701-JP	NEC Corporation (Ordinary)	\$84.86	23,155	24,955	18.25	1.06	0.99	
000063-CN	ZTE Corporation (Class A)	\$4.31	19,190	12,771	14.32	1.19	1.05	10.06
CIEN-US	Ciena Corp.	\$69.72	10,069	10,630	25.58	2.48	2.34	22.99
002281-CN	Accelink technologies Co Ltd (CN Listing)	\$5.83	4,628	4,335	32.49	3.43	3.37	
002583-CN	Hytera Communications Corp. Ltd. (Class A)	\$2.43	3,111	4,650				
KTOS-US	Kratos Defense & Security Solutions Inc.	\$27.09	4,093	4,162	46.33	3.09	3.22	42.77
600498-CN	Fiberhome Telecom Tech Co (Class A)	\$2.52	2,985	5,048	22.78		0.62	
MRCY-US	Mercury Systems Inc	\$41.13	2,453	2,889	NMF	3.29	2.80	67.94
CALX-US	Calix Inc.	\$32.53	2,157	1,871	48.24	2.24	2.56	33.71
MXL-US	MaxLinear Inc.	\$15.13	1,276	1,275	44.02	2.98	3.03	NMF
DGII-US	Digi International	\$33.22	1,215	1,338	17.64	3.12	2.84	
ADV-DE	Adtran Networks SE	\$20.98	1,092	1,170	NMF		2.18	
GILT-US	Gilat Satellite Networks (US Listing)	\$5.48	312	211				
AVNW-US	Aviat Networks. Inc.	\$15.83	201	236	15.88	0.54	0.46	
CMTL-US	Comtech Telecommunications	\$3.39	99	458	NMF	0.88	0.21	
CMBM-US	Cambium Networks Corporation	\$1.26	36	66		0.32	0.17	12.35
AVERAGE					<u>26.09</u>	<u>1.91</u>	<u>1.76</u>	<u>25.49</u>
CRNT-US	Ceragon Networks (US Listing)	\$4.54	390	408	9.94	0.88	0.85	7.18
CRNT Discount to peers:					-62%	-54%	-52%	-72%

Source: FactSet and Litchfield Hills Research LLC

Figure 14 – Ceragon Networks – Income Statement (USD\$ 000)

December ending year	2022A Year	2023A Year	2024A				2024A Year	2025E				2025E Year
			Q1A	Q2A	Q3A	Q4E		Q1E	Q2E	Q3E	Q4E	
Total revenue	\$295,173	\$347,179	\$88,498	\$96,088	\$102,672	\$102,750	\$390,008	\$102,000	\$105,000	\$103,000	\$100,000	\$410,000
<i>Growth</i>		18%	6%	12%	18%	14%	12%	15%	9%	0%	-3%	5%
Cost of Goods	202,110	227,310	56,430	62,627	67,732	67,815	254,604	67,320	69,300	67,980	66,000	270,600
Gross Profit	93,063	119,869	32,068	33,461	34,940	34,935	135,404	34,680	35,700	35,020	34,000	139,400
Gross Margin	31.5%	34.5%	36.2%	34.8%	34.0%	34.0%	34.7%	34.0%	34.0%	34.0%	34.0%	34.0%
R&D Net	\$29,690	\$32,274	\$8,847	\$8,385	\$8,750	\$8,400	\$34,382	\$8,500	\$8,500	\$8,500	\$8,500	\$34,000
% of total revenue	10.1%	9.3%	10.0%	8.7%	8.5%	8.2%	8.8%	8.3%	8.1%	8.3%	8.5%	8.3%
Sales and Marketing	35,795	40,577	11,261	11,508	10,871	11,500	45,140	11,000	12,000	12,000	12,000	47,000
General and administrative	34,295	23,793	5,863	2,295	688	4,500	13,346	5,000	5,000	5,000	5,000	20,000
Other incl. restructuring, M&A	4,220	2,015	1,878	915	-	-	2,793	-	-	-	-	-
Total Operating Expenses	104,000	98,659	27,849	23,103	20,309	24,400	95,661	24,500	25,500	25,500	25,500	101,000
Operating Income	(10,937)	21,210	4,219	10,358	14,631	10,535	39,743	10,180	10,200	9,520	8,500	38,400
Operating Margin	-3.7%	6.1%	4.8%	10.8%	14.3%	10.3%	10.2%	10.0%	9.7%	9.2%	8.5%	9.4%
Total Other Items	(6,306)	(8,468)	(2,861)	(1,916)	(1,834)	(2,000)	(8,611)	(1,834)	(2,000)	(2,000)	(2,000)	(7,834)
Pre-Tax Income	(17,243)	12,742	1,358	8,442	12,797	8,535	31,132	8,346	8,200	7,520	6,500	30,566
Pre-Tax Margin	-5.8%	3.7%	1.5%	8.8%	12.5%	8.3%	8.0%	8.2%	7.8%	7.3%	6.5%	7.5%
Taxes (benefit)	2,446	6,522	955	609	580	600	2,744	580	900	1,000	800	3,280
Tax Rate	-14.2%	51.2%	70.3%	7.2%	4.5%	7.0%	8.8%	6.9%	11.0%	13.3%	12.3%	10.7%
Net income	(19,689)	6,220	403	7,833	12,217	7,935	28,388	7,766	7,300	6,520	5,700	27,286
Net Margin	-6.7%	1.8%	0.5%	8.2%	11.9%	7.7%	7.3%	7.6%	7.0%	6.3%	5.7%	6.7%
Adjusted EPS	(0.15)	0.20	0.05	0.11	0.16	0.11	0.43	0.11	0.10	0.09	0.08	0.39
Total GAAP EPS	(0.23)	0.07	0.00	0.09	0.14	0.09	0.32	0.09	0.08	0.07	0.06	0.31
Diluted Shares Outstanding	84,133	85,483	87,585	87,922	88,334	88,000	87,960	88,334	88,200	88,300	88,400	88,308

Source: Company reports and Litchfield Hills Research LLC

Figure 15 – Ceragon Networks – Balance Sheet (USD\$ 000)

December ending year	FY2025E	FY2024E	FY2023A	FY2022A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$86,619	\$51,333	\$28,237	\$22,948
Accounts receivable	110,000	110,000	104,321	100,034
Inventories	18,000	17,000	16,571	15,756
Other assets	60,000	60,000	68,811	72,009
Total Current Assets	274,619	238,333	217,940	210,747
Net PP&E	35,000	34,000	30,659	29,456
Other non-current assets	26,000	25,000	25,776	40,907
Total Assets	\$360,619	\$322,333	\$298,525	\$289,318
Current Liabilities				
Accounts and other payables	\$70,000	\$67,000	\$67,032	\$67,384
Short term borrowings	\$25,000	\$28,000	\$32,600	\$37,500
Other AP and accrued	\$28,000	\$25,000	\$23,925	\$20,864
Other current liabilities	\$12,000	\$10,000	\$9,396	\$7,088
Total current liabilities	135,000	130,000	132,953	132,836
Operating lease liabilities	15,000	13,000	13,716	13,187
Other non-current	15,000	14,000	17,837	23,512
Total Liabilities	165,000	157,000	164,506	169,535
Redeemable common stock	0	0	0	0
Stockholders' Equity				
Preferred stock				
Total stockholders' equity	195,619	165,333	134,019	119,783
Total Liabilities and equity	\$360,619	\$322,333	\$298,525	\$289,318

Source: Company reports and Litchfield Hills Research LLC

Figure 16 – Ceragon Networks – Cash Flow (USD\$ 000)

	<u>2025E</u>	<u>2024E</u>	<u>2023A</u>
Net Income	\$27,286	\$28,388	\$6,220
Accounts receivable	0	(5,679)	(4,287)
Other AR and Prepaid	(1,000)	(429)	(815)
Inventories	0	8,811	3,198
Net PP&E	(1,000)	(3,341)	(1,203)
Goodwill and intangibles	0	(850)	(15,942)
Other non-current	(1,000)	776	15,131
Accounts and other payables	3,000	(32)	(352)
Short term borrowings	(3,000)	(4,600)	(4,900)
Other AP and accrued	3,000	1,075	3,061
Other current liabilities	2,000	604	2,308
Operating lease liabilities	2,000	(716)	529
Other non-current	1,000	(3,837)	(5,675)
Redeemable common stock	0	0	0
Common stock	0	0	0
Additional paid in capital	3,000	4,839	4,947
Other comprehensive loss	0	(1,913)	3,069
Treasury stock and note	0	0	0
Dividend/Financing/Adj. Other	0	0	0
Total Cash Flow	<u>\$35,286</u>	<u>\$23,096</u>	<u>\$5,289</u>

Source: Litchfield Hills Research LLC

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