



Action Summary – 30 March 2026

Analyst Theodore R. O'Neill Resuming coverage. Fresh estimates and price target – revising estimates.

Revenues moving in the right direction. First YoY increase in quarterly sales in 2025. The company posted a 29% YoY increase in revenue and we believe it will show positive comps all through 2026.

A slight miss to EPS on better-than-expected revenue. The company reported 4Q25 revenue of \$1.4MM, which was above our estimate of \$0.7MM (see Figure 2). There is no consensus. EPS was a loss of \$1.44, which was \$0.56 greater than we expected, however, all but \$0.04 of that was due to financing costs and was not operational.

Improved business momentum. In the past three months, the company has announced seven new orders or order expansions in North America, Europe, and Japan, across multiple industries. This continues a trend started in 4Q25 that ultimately led to YoY quarterly revenue expansion.

Acquisition offers complementary market expansion. Last week, the company announced the planned all stock acquisition of Exaware, a maker of routers, switches and networking solutions for data centers. We believe that the combination of these two companies will enable it to generate more business due to the complementary nature of each company's product offerings. No guidance has yet been provided about the sales or profitability of Exaware.

Estimate revision. We are raising our 2026 EPS estimates to a loss of \$2.37 from a loss of \$2.73 on \$8.2MM of revenue, which is unchanged. For 2027, we are initiating revenue and EPS estimates of \$21MM and \$0.10, respectively.

Price target and NASDAQ compliance risk. The company is currently non-compliant with NASDAQ listing requirements due to its share price remaining below \$1.00. Having already used a reverse split in November 2025, it is ineligible for the standard 180-day grace period and as such a delisting notice was issued on February 4, 2026. The Company has requested a hearing, temporarily staying the process. We have raised our discount rate to reflect this overhang, arriving at a risk-adjusted price target of \$3.

Shares are priced significantly below peer averages. The shares are selling at a discount to both our price target model and its peers. While our target price of \$3 is derived from our discounted earnings model, were it to trade at the simple average of its peers at 3.8x 2027 Market cap/sales, the share price would exceed our price target.

3/27 Closing price: \$0.36	Market cap: \$11 million	2027 Market cap/sales: 0.48	2027 EV/Sales: 0.25
Shares outstanding: 27 million	Insider ownership: ~5%	Avg. trading volume: <100,000	Dividend/Yield: NA/NA

GAAP estimates (EPS in dollars – Revenue in \$000)

Period	EPS	Revenue	Op. Margin
FY24A	<u>(\$8.50)</u>	<u>\$7,760</u>	<u>(50.5%)</u>
1Q25A	(\$2.18)	\$721	
2Q25A	(\$2.08)	\$941	
3Q25A	(\$1.68)	\$643	
4Q25A	<u>(\$1.44)</u>	<u>\$1,366</u>	
FY25A	<u>(\$5.68)</u>	<u>\$3,671</u>	<u>(195.7%)</u>
FY26E	<u>(\$2.37)</u>	<u>\$8,200</u>	<u>(57.4%)</u>
FY27E	<u>\$0.10</u>	<u>\$21.0</u>	<u>4.8%</u>

Note: Numbers may not add due to rounding or changing share count. See our full model at the back of this report.

Cash balance (\$000)

• 2022A	• \$6,016
• 2023A	• \$2,382
• 2024A	• \$2,267
• 2025A	• \$4,438
• 2026E	• \$1,583
• 2027E	• \$2,993

Short term debt (\$000)

• 2022A	• \$553
• 2023A	• \$1,335
• 2024A	• \$774
• 2025A	• \$829
• 2026E	• \$1,000
• 2027E	• \$1,000

Risks/Valuation

- Risks include competition, history of losses, industry regulatory actions, and changes in technology.
- Our \$3.00 target is derived using a discounted future earnings model.

Company description: Actelis Networks, Inc. (NASDAQ: ASNS) is a market leader in hybrid fiber, cyber-hardened networking solutions for rapid deployment in wide-area IoT applications, including government, ITS, military, utility, rail, telecom, and campus networks. Actelis' innovative portfolio offers fiber-grade performance with the flexibility and cost-efficiency of hybrid fiber-copper networks. Through its "Cyber Aware Networking" initiative, Actelis also provides AI-based cyber monitoring and protection for all edge devices, enhancing network security and resilience.

Figure 1 – Actelis Networks – One-year trading snapshot



Source: FactSet

Quarterly Results

A slight miss to EPS on better-than-expected revenue. The company reported 4Q25 revenue of \$1.4MM, which was above our estimate of \$0.7MM (see Figure 2). There is no consensus. EPS was a loss of \$1.44, which was \$0.56 greater than we expected, however, all but \$0.04 of that was due to financing costs and was not operational.

Figure 2 – Actelis Networks – Quarterly Variance Analysis (\$'000)

	2025 Q4E	2025 Q4A	Better / (Worse) Than Estimates
Income Statement			
Sales			
Total Revenue	\$720	\$1,366	\$646
Total cost of products sold	<u>252</u>	<u>887</u>	<u>(635)</u>
Total Gross Profit	468	479	11
GP%	65%	35%	
Operating expenses:			
R&D	550	691	(141)
Sales and Marketing	750	711	39
General and administrative	<u>700</u>	<u>675</u>	<u>25</u>
Total Expenses	<u>2,000</u>	<u>2,077</u>	<u>(77)</u>
Earnings (loss) from Operations	(1,532)	(1,598)	(66)
Financial costs and other	<u>(10)</u>	<u>(922)</u>	<u>(912)</u>
Earnings before taxes	(1,542)	(2,520)	(978)
Tax expense/(benefit)	<u>0</u>	<u>0</u>	<u>0</u>
Net income	(\$1,542)	(\$2,520)	(\$978)
EPS	(\$0.88)	(\$1.44)	(\$0.56)

Source: Company filings and Litchfield Hills Research LLC

Valuation Methodology

We believe ASNS 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 3)
- 2) Valuation relative to peers (see Figure 4)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$3.00 is based on a discounted earnings model. For valuation purposes, we sum up all future earnings discounted at 12%. We assume double digit EPS near-term growth for earnings which steps down to GDP after 5-7 years. Our valuation model is shown in Figure 3 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 \$2.57 which we round to \$3.00. Although this target is substantially above where the stock is currently, were it to trade

at the simple average of its peers at 3.83X 2027 Market cap/sales, the share price would meet or exceed our price target.

Figure 3 – Actelis Networks – Price Target Calculation

Discounted future earnings: \$2.57		
YEAR	EPS	Discounted EPS
2026	(\$2.37)	(\$2.37)
2027	\$0.10	\$0.09
2028	\$0.20	\$0.16
2029	\$0.29	\$0.21
2030	\$0.35	\$0.22
Terminal Value		\$4.26

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

If we compare ASNS to the simple average of its peers, the shares sell at a discount on sales measures by 90%+ (see Figure 4). Were the shares to trade simply to the average of their peers (and we would argue that due to its growth potential, it should trade above average), it would meet or exceed our price target. Details on each of the peers can be found in Figure 5. The companies we used in Figure 5 are in similar lines of business, although none of them is a perfect match.

Figure 4 – Actelis Networks – Discount to Peers

	2027 Market Cap / Sales	2027 EV / Sales
Average	3.83	3.70
ASNS	0.48	0.25
Discount to peers	87%	93%

Source: Litchfield Hills Research LLC and FactSet

Guidance and Financial Forecasts

The company provides no guidance. Our forecast assumes that the company will reach a sustainable B/E in 2H27 and can do so at approximately ~\$5MM/quarter of revenue. We do not need to make more aggressive assumptions to justify our assertion that the shares are undervalued. In addition, if our forecast is correct, we do not see a near-term need for capital if nothing else changes. We would expect a capital raise in the future if the company needs it to support significantly greater growth than is in our forecasts.

Figure 5 – Actelis Networks – Comp Table

FactSet Ticker	Company Name	Closing Price	Market Cap \$MM	EV \$MM	2027 Consensus Multiples			
					PE	EV /Sales	Market Cap / Sales	EV / EBITDA
CSCO-US	Cisco Systems Inc (US Listing)	\$79.92	315,675	334,363	17.68	5.13	4.85	16.80
SIEGY-US	Siemens Aktiengesellschaft (Adr 2:1)	\$117.14	184,595	241,803	15.91	2.33	1.78	12.09
ANET-US	Arista Networks, Inc.	\$120.77	151,752	143,323	28.12	10.25	10.85	24.22
HON-US	Honeywell Intl Inc	\$223.12	141,832	167,181	19.37	3.99	3.38	15.51
PANW-US	Palo Alto Networks Inc	\$147.02	119,968	100,363	36.91	7.44	8.89	34.50
CIEN-US	Ciena Corp.	\$401.61	56,787	58,843	48.65	8.00	7.72	40.39
FTNT-US	Fortinet Inc.	\$78.20	57,862	57,271	23.66	6.83	6.90	
NOKBF-US	Nokia Oyj (FI Listing)	\$7.89	45,421	41,273	18.48	1.68	1.85	11.84
ERIXF-US	Telefon AB L.M.Ericsson (Class B)	\$11.21	37,766	35,767	15.91	1.44	1.52	8.69
HPE-US	Hewlett Packard Enterprise Co.	\$23.94	31,765	49,209	8.75	1.14	0.74	
AKAM-US	Akamai Technologies	\$114.50	16,590	21,323	15.14	4.45	3.46	
CHKP-US	Check Point Software	\$138.84	14,905	14,216	12.09	4.64	4.86	13.36
KTOS-US	Kratos Defense & Security Solutions Inc.	\$71.94	13,435	11,470	68.41	5.60	6.56	61.68
ONDS-US	Ondas Inc	\$8.80	4,077	1,385		2.07	6.08	
BDC-US	Belden Inc.	\$112.88	4,374	5,559	12.72	1.81	1.43	
MRCY-US	Mercury Systems Inc	\$71.40	4,285	4,550	47.53	4.36	4.10	30.71
CALX-US	Calix Inc.	\$50.28	3,299	3,112	20.69	2.39	2.54	
TENB-US	Tenable Holdings Inc.	\$16.54	1,900	2,002	7.93	1.75	1.66	
EXTR-US	Extreme Networks Inc	\$15.26	2,049	2,055	11.98	1.51	1.51	
DGII-US	Digi International	\$47.47	1,785	1,930	18.07	3.60	3.33	
HLIT-US	Harmonic Inc	\$9.38	1,034	1,075	12.92	1.97	1.90	
ADTN-US	ADTRAN Holdings Inc (US Listing)	\$12.93	1,043	1,526	17.72	1.18	0.81	
LTRX-US	Lantronix	\$5.39	214	208	16.46	1.47	1.51	
	AVERAGE				22.50	3.70	3.83	24.53
ASNS-US	Actelis Networks, Inc.	\$0.36	10	5	NA	0.25	0.48	1.25
ASNS Discount to peers:						-93%	-87%	-95%

Source: FactSet and Litchfield Hills Research LLC

Figure 6 – Actelis Networks – Income Statement (\$000)

December ending year	2023A	2024A	2025A				2025A	2026E				2026E	2027E				2027E
	Year	Year	Q1A	Q2A	Q3A	Q4A	Year	Q1E	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Year
Total revenue	\$5,606	\$7,760	\$721	\$941	\$643	\$1,366	\$3,671	\$1,200	\$1,800	\$2,200	\$3,000	\$8,200	\$3,500	\$4,000	\$6,000	\$7,500	\$21,000
<i>Growth</i>	-37%	38%	-1%	-73%	-75%	29%	-53%	66%	91%	242%	120%	123%	192%	122%	173%	150%	156%
Cost of Goods	3,706	3,490	470	636	460	887	2,453	660	990	1,100	1,350	4,100	1,575	1,800	2,700	3,375	9,450
Gross Profit	1,900	4,270	251	305	183	479	1,218	540	810	1,100	1,650	4,100	1,925	2,200	3,300	4,125	11,550
Gross Margin	33.9%	55.0%	34.8%	32.4%	28.5%	35.1%	33.2%	45.0%	45.0%	50.0%	55.0%	50.0%	55.0%	55.0%	55.0%	55.0%	55.0%
R&D	\$2,702	\$2,383	\$681	\$675	\$591	\$691	\$2,638	\$600	\$600	\$600	\$600	\$2,400	\$600	\$600	\$600	\$600	\$2,400
% of total revenue	48.2%	30.7%	94.5%	71.7%	91.9%	50.6%	71.9%	50.0%	33.3%	27.3%	20.0%	29.3%	17.1%	15.0%	10.0%	8.0%	11.4%
Sales and Marketing	3,030	2,639	666	700	789	711	2,866	800	800	900	900	3,400	1,000	1,000	1,200	1,400	4,600
General and administrative	3,531	3,169	716	703	805	675	2,899	700	750	755	800	3,005	800	850	900	1,000	3,550
Total Operating Expenses	9,263	8,191	2,064	2,079	2,186	2,078	8,404	2,100	2,150	2,255	2,300	8,805	2,400	2,450	2,700	3,000	10,550
Operating Income	(7,363)	(3,921)	(1,813)	(1,774)	(2,003)	(1,599)	(7,186)	(1,560)	(1,340)	(1,155)	(650)	(4,705)	(475)	(250)	600	1,125	1,000
Operating Margin	-131.4%	-50.5%	-251.4%	-188.5%	-311.5%	-117.0%	-195.7%	-130.0%	-74.4%	-52.5%	-21.7%	-57.4%	-13.6%	-6.3%	10.0%	15.0%	4.8%
Total Other Items	1,077	(453)	(48)	(128)	22	(922)	(1,076)	(10)	(10)	(10)	(10)	(40)	(10)	(10)	(10)	(10)	(40)
Pre-Tax Income	(6,286)	(4,374)	(1,861)	(1,902)	(1,981)	(2,521)	(8,262)	(1,570)	(1,350)	(1,165)	(660)	(4,745)	(485)	(260)	590	1,115	960
Pre-Tax Margin	-112.1%	-56.4%	-258.1%	-202.1%	-308.1%	-184.5%	-225.1%	-130.8%	-75.0%	-53.0%	-22.0%	-57.9%	-13.9%	-6.5%	9.8%	14.9%	4.6%
Taxes (benefit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	(6,286)	(4,374)	(1,860)	(1,901)	(1,980)	(2,520)	(8,261)	(1,570)	(1,350)	(1,165)	(660)	(4,745)	(485)	(260)	590	1,115	960
Net Margin	-112.1%	-56.4%	-258.0%	-202.0%	-307.9%	-184.5%	-225.0%	-130.8%	-75.0%	-53.0%	-22.0%	-57.9%	-13.9%	-6.5%	9.8%	14.9%	4.6%
Total GAAP EPS	(26.05)	(8.50)	(2.18)	(2.08)	(1.68)	(1.44)	(5.68)	(0.79)	(0.68)	(0.58)	(0.33)	(2.37)	(0.24)	(0.03)	0.05	0.06	0.10
Diluted Shares Outstanding	241	515	852	914	1,179	1,750	1,455	2,000	2,000	2,000	2,000	2,000	2,000	8,000	12,000	18,000	10,000

Source: Company reports and Litchfield Hills Research LLC

Figure 7 – Actelis Networks – Balance Sheet (\$000)

December ending year	FY2027E	FY2026E	FY2025A	FY2024A	FY2023A	FY2022A
Balance sheet						
Current Assets						
Cash and S.T.I.	\$2,993	\$1,583	\$4,438	\$2,267	\$2,382	\$6,016
Accounts receivable	2,000	1,500	1,058	1,616	664	3,034
Inventories	2,600	2,400	2,461	2,436	2,526	1,179
Other assets	<u>1,000</u>	<u>600</u>	<u>634</u>	<u>584</u>	<u>340</u>	<u>678</u>
Total Current Assets	8,593	6,083	8,591	6,903	5,912	10,907
Net PP&E	50	50	26	38	61	80
Other non-current assets	<u>700</u>	<u>600</u>	<u>454</u>	<u>792</u>	<u>4,658</u>	<u>3,340</u>
Total Assets	<u>\$10,043</u>	<u>\$7,333</u>	<u>\$9,530</u>	<u>\$8,225</u>	<u>\$11,223</u>	<u>\$14,819</u>
Current Liabilities						
Accounts and other payables	\$2,000	\$1,200	\$817	\$982	\$1,769	\$1,781
Short term borrowings	\$1,000	\$1,000	\$829	\$774	\$1,335	\$553
Accrued royalties	\$650	\$650	\$612	\$673	\$1,062	\$900
Other current liabilities	<u>\$1,500</u>	<u>\$1,300</u>	<u>\$1,234</u>	<u>\$2,154</u>	<u>\$2,746</u>	<u>\$2,968</u>
Total current liabilities	5,150	4,150	3,492	4,583	6,912	6,202
Long-term loan, net	0	250	150	150	3,154	4,625
Other non-current	<u>1,000</u>	<u>1,000</u>	<u>1,091</u>	<u>507</u>	<u>769</u>	<u>727</u>
Total Liabilities	6,150	5,400	4,733	5,240	10,835	11,554
Warrants to placement agent	0	0	0	0	0	0
Stockholders' Equity						
Preferred stock						
Total stockholders' equity	<u>3,893</u>	<u>1,933</u>	<u>4,797</u>	<u>2,985</u>	<u>388</u>	<u>3,265</u>
Total Liabilities and equity	<u>\$10,043</u>	<u>\$7,333</u>	<u>\$9,530</u>	<u>\$8,225</u>	<u>\$11,223</u>	<u>\$14,819</u>

Source: Company reports and Litchfield Hills Research LLC

Figure 8 – Actelis Networks – Cash Flow (\$000)

	<u>2027E</u>	<u>2026E</u>	<u>2025A</u>	<u>2024A</u>
Net Income	\$960	(\$4,745)	(\$8,261)	(\$4,374)
Accounts receivable	(500)	(442)	558	(952)
Inventories	(200)	61	(25)	90
Other current	(400)	34	(50)	(244)
Net PP&E	0	(24)	12	23
Prepaid	(100)	(141)	33	100
Other non-current	(100)	(146)	338	3,866
Accounts and other payables	800	383	(165)	(787)
Short term borrowings	0	171	55	(561)
Accrued royalties	0	38	(61)	(389)
Other current liabilities	200	66	(920)	(592)
Long-term loan, net	(250)	100	0	(3,004)
Other non-current	0	(91)	584	(262)
Warrants to placement agent	0	0	0	0
Common stock	0	0	0	0
Additional paid in capital	1,000	1,881	10,073	6,971
Other comprehensive loss	0	0	0	0
Treasury stock and note	0	0	0	0
Dividend/Financing/Adj. Other				
Total Cash Flow	\$1,410	(\$2,855)	\$2,171	(\$115)

Source: Litchfield Hills Research LLC

Disclosures:

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