LITCHFIELD HILLS RESEARCH

Ceragon Networks Ltd. CRNT — Buy – USD $9.00 PT

Action Summary – 27 May 2026

Analyst Theodore R. O'Neill 1Q26 Results and update- *Reiterate our Buy rating and $9 PT.*

Meets non-GAAP EPS expectations on slightly higher revenue. The company reported 1Q26 revenue and non-GAAP EPS of $85.0MM and $0.01, respectively, beating consensus revenue estimates of $80.4MM while meeting consensus non-GAAP EPS of $0.01. On a GAAP basis (shown in Figure 2), EPS missed our estimate by $0.009, driven by higher operating expenses and FX charges, partially offset by stronger revenue and gross margin.

India momentum building; ~$86MM in new bookings secured post-quarter. India contributed $30MM in revenue (35% of total) in 1Q26. Post-quarter, management announced ~$86MM in new India bookings from two leading operators, largely tied to the new IP-50EXA platform supporting large-scale fixed wireless access rollouts. Management now expresses high confidence in its ~$100MM India revenue floor for 2026, with potential upside.

North America supply chain issue creates Q2/Q3 timing shift, not a demand problem. North America was the top revenue region at $31.3MM (37% of total). A component shortage tied to export licensing delays due to geopolitical environment will shift some 2Q26 North America revenue into 3Q26. Management is engaging at the executive level with both the customer and vendors and characterizes this as a timing issue only, with 3Q26 expected to rebound strongly.

Guidance for 2026 reiterated. Management reaffirmed revenue guidance of $355-$385MM, non-GAAP gross margin improvement of 100 bps, and non-GAAP operating margin of 6.5%-7.5%.

Adjusting estimates. For 2026, our revenue and Adjusted EPS estimates are now $366.0MM and $0.12, respectively, with revenue up from $363MM previously and EPS down from $0.16. For 2027, our revenue remains $382.00MM but EPS declines to $0.15 from $0.19, primarily reflecting higher operating expenses in our model.

Shares appear to be priced significantly below absolute and comparative metrics. The shares sell at a discount to both our discounted price target model and below average peer multiples.

5/26 Closing price: $2.79	**Market cap: $195 million**	**2027 Market cap/sales: 0.64x**	**2027 EV/Sales: 0.64X**
Shares outstanding: 92 million	**Insider ownership: ~7%**	**Avg. trading volume: >500,000**	**Dividend/Yield: NA/NA**

Revenue, Adjusted EPS and GAAP operating margin estimates (EPS in USD – Revenue in USD millions)

Period	Adjusted EPS	Revenue	Operating Margin
1Q24A	$0.05	$88.5	4.8%
2Q24A	$0.11	$96.1	10.8%
3Q24A	$0.16	$102.7	14.3%
4Q24A	$0.09	$106.9	8.9%
FY24A	$0.41	$394.2	9.8%
1Q25A	$0.03	$88.6	(1.2%)
2Q25A	$0.03	$82.3	2.7%
3Q25A	$0.02	$85.5	4.4%
4Q25A	$0.02	$82.3	2.9%
FY25A	$0.09	$338.7	2.1%
FY26E	$0.12	$366.0	4.1%
FY27E	$0.15	$382.0	3.9%

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

Cash balance (USD millions)

• 2022A	• $22.9
• 2023A	• $28.2
• 2024A	• $35.3
• 2025A	• $38.4
• 2026E	• $45.4
• 2027E	• $45.9

Short term debt (USD millions)

• 2022A	• $37.5
• 2023A	• $32.6
• 2024A	• $25.2
• 2025A	• $19.0
• 2026E	• $20.0
• 2027E	• $20.0

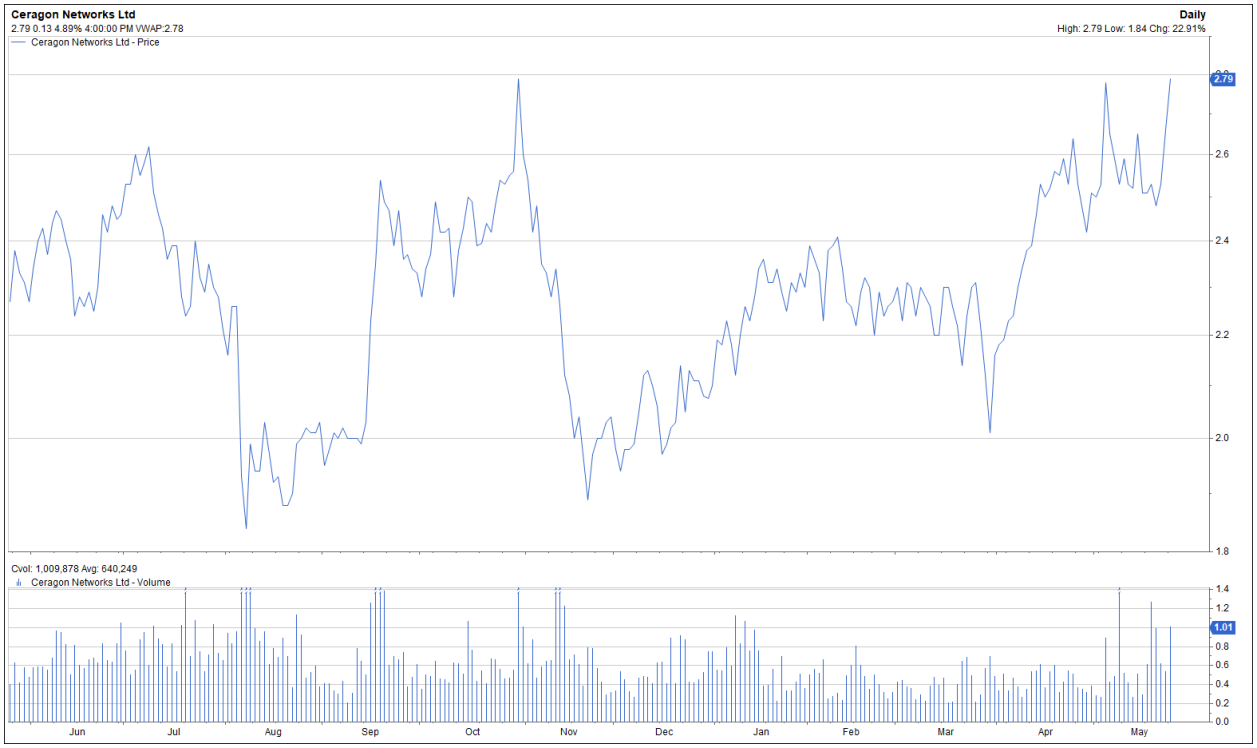
Risks/Valuation

- Risks include competition, government funding, network growth demands, tariffs.
- Our $9.00 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.

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Figure 1 – Ceragon Networks – One year Trading snapshot



Source: FactSet

Quarterly Analysis

Meets non-GAAP EPS expectations on slightly higher revenue. The company reported 1Q26 revenue and non-GAAP EPS of $85.0MM and $0.01, respectively, beating consensus revenue estimates of $80.4MM while meeting consensus non-GAAP EPS of $0.01. On a GAAP basis, as shown in Figure 2, the company reported $0.009 below our estimate. The slightly unfavorable variance was due to higher operating and non-operating expenses, like FX, partially offset by higher sales and margins.

India momentum building; ~$86MM in new bookings secured post-quarter. India contributed $30MM in revenue (35% of total) in 1Q26. Post-quarter, management announced ~$86MM in new India bookings from two leading operators, largely tied to the new IP-50EXA platform supporting large-scale fixed wireless access rollouts. Management now expresses high confidence in its ~$100MM India revenue floor for 2026, with potential upside.

North America supply chain issue creates Q2/Q3 timing shift, not a demand problem. North America was the top revenue region at $31.3MM (37% of total). A component shortage tied to export licensing delays due to geopolitical environment will shift some 2Q26 North America revenue into 3Q26. Management is engaging at the executive level with both the customer and vendors and characterizes this as a timing issue only, with 3Q26 expected to rebound strongly.

New North America Tier-1 opportunity advancing with 28GHz FR2 product. Following a successful proof-of-concept of the new FR2/28GHz solution, Ceragon is now in commercial engagement with a major

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new North American Tier-1 carrier. Management expects a meaningful order potentially in 3Q26, with revenue contribution ramping into 2027.

Nokia wireless divestiture driving competitive tailwinds, especially in Europe. Management noted accelerating engagement with European CSP customers previously aligned with Nokia's wireless transport business. Some operators have already moved to Ceragon. Management expects initial orders from European customers in 2H26 and anticipates EMEA will achieve a record revenue year in 2026.

Balance sheet healthy; positive free cash flow. Cash at end of 1Q26 was $39.2MM vs. $38.4MM at year-end 2025. Net cash improved to $22.1MM from $19.4MM. Free cash flow was a positive $2.8MM in the quarter.

Figure 2 – Ceragon Networks – Quarterly Analysis

Income Statement	FY26 Q1E	FY26 Q1A	Better / (worse) than estimates
Sales			
Total Revenue	$80,000	$85,003	$5,003
Total cost of products sold	53,600	54,927	(1,327)
Total Gross Profit	26,400	30,076	3,676
GP%	33%	35%	
Operating expenses:			
R&D Net	7,400	7,941	(541)
Sales and Marketing	11,500	13,990	(2,490)
General and administrative	6,100	5,520	580
Other incl. restructuring, M&A	0	540	(540)
Total Expenses	25,000	27,991	(2,991)
Earnings (loss) from Operations	1,400	2,085	685
Financial costs and other	(2,000)	(2,856)	(856)
Earnings before taxes	(600)	(771)	(171)
Tax expense/(benefit)	(72)	572	(644)
Net income	($528)	($1,343)	($815)
Total GAAP EPS	($0.0057)	($0.0148)	($0.0091)
Adjusted EPS	$0.00	$0.01	$0.01
Diluted common shares	92,450	90,709	

Source: Litchfield Hills Research LLC

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 3)
2) Valuation relative to peers (see Figure 4)

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Discounted Future Earnings – Basis for Price Target

Our 12-month price target of $9.00 is based on a discounted earnings model. For valuation purposes, we sum up all future GAAP earnings discounted at 10%. We assume growth in 2026 that accelerates in 2027, after 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 $8.72, which we round to $9.00. Were it to trade at that level, the implied 2027 EV/Revenue would still be below average, all of which leads us to believe the shares are undervalued.

Figure 3 – Ceragon Networks – Price Target Calculation

Discounted future earnings: $8.72			
YEAR		EPS	Discounted EPS
	2026	$0.05	$0.05
	2027	$0.07	$0.06
	2028	$0.25	$0.21
	2029	$0.32	$0.25
	2030	$0.40	$0.29
Terminal Value			$7.84

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

If we compare CRNT to a simple average of its peers (Figure 4), the shares sell at a significant discount on sales measures. 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 5. The companies we used in Figure 5 are in similar lines of business although none of them are a perfect match.

Figure 4 – Ceragon Networks – Discount to Peers

	2027 Market Cap / Sales	2027 EV / Sales
Average	3.89	3.92
CRNT	0.64	0.64
Discount to peers	**83%**	**84%**

Source: Litchfield Hills Research LLC and FactSet

Figure 5– Ceragon Networks – Comp Table

					2027 Consensus Multiples			
FactSet Ticker	Company Name	Closing Price	Market Cap $MM	EV $MM	PE	EV /Sales	Market Cap / Sales	EV / EBITDA
NOKIA-FI	Nokia Oyj (FI Listing)	$15.21	88,611	84,264	34.96	3.48	3.60	23.59
CIEN-US	Ciena Corp.	$583.74	82,540	85,398	69.03	11.69	11.30	56.73
ERIC.A-SE	Telefon AB L.M.Ericsson (Class A)	$13.59	45,697	42,890	19.43	1.73	1.84	10.27
6701-JP	NEC Corporation (Ordinary)	$25.84	35,237	33,869	16.90	1.39	1.45	11.67
002281-CN	Accelink technologies Co Ltd (CN Listing)	$33.02	25,670	25,026	61.94	5.28	5.63	
000063-CN	ZTE Corporation (Class A)	$5.35	23,492	20,588	22.57	0.86	0.97	
600498-CN	Fiberhome Telecom Tech Co (Class A)	$8.10	11,042	13,175	48.60	2.87	2.37	
KTOS-US	Kratos Defense & Security Solutions Inc.	$56.18	10,535	8,800	52.96	4.16	4.97	46.07
MXL-US	MaxLinear Inc.	$99.16	8,879	8,775	51.46	10.75	10.88	61.67
MRCY-US	Mercury Systems Inc	$98.55	5,917	6,164	64.49	5.93	5.70	47.90
CALX-US	Calix Inc.	$39.23	2,502	2,461	16.11	1.84	1.87	
DGII-US	Digi International	$66.16	2,494	2,668	24.68	4.90	4.59	
002583-CN	Hytera Communications Corp. Ltd. (Class A)	$1.33	1,692	2,573				
ADV-DE	Adtran Networks SE	$26.78	1,394	1,395				
GILT-US	Gilat Satellite Networks (US Listing)	$15.73	1,190	1,051	23.55	2.14	2.38	
AVNW-US	Aviat Networks. Inc.	$17.59	228	256	6.47	0.57	0.50	
CMTL-US	Comtech Telecommunications	$4.79	142	563		1.23	0.32	
CMBM-US	Cambium Networks Corporation	$0.37	11	80				
	AVERAGE				36.65	3.92	3.89	36.84
CRNT-US	Ceragon Networks (US Listing)	$2.66	239	236	12.80	0.64	0.64	7.86
	CRNT Discount to peers:				**-65%**	**-84%**	**-83%**	**-79%**

Source: FactSet and Litchfield Hills Research LLC

Figure 6 – Ceragon Networks – Income Statement (USD$ 000)

December ending year	2023A Year	2024A Year	2025A Q1A	2025A Q2A	2025A Q3A	2025A Q4A	2025A Year	2026E Q1A	2026E Q2E	2026E Q3E	2026E Q4E	2026E Year	2027E Year
Total revenue	$347,179	$394,190	$88,652	$82,262	$85,484	$82,330	$338,728	$85,003	$86,000	$95,000	$100,000	$366,003	$382,000
Growth	18%	14%	0%	-14%	-17%	-23%	-14%	-4%	5%	11%	21%	8%	4%
Cost of Goods	227,310	257,339	59,553	53,822	56,134	54,667	224,176	54,927	58,480	62,225	66,000	241,632	251,645
Gross Profit	**119,869**	**136,851**	**29,099**	**28,440**	**29,350**	**27,663**	**114,552**	**30,076**	**27,520**	**32,775**	**34,000**	**124,371**	**130,355**
Gross Margin	**34.5%**	**34.7%**	**32.8%**	**34.6%**	**34.3%**	**33.6%**	**33.8%**	**35.4%**	**32.0%**	**34.5%**	**34.0%**	**34.0%**	**34.1%**
R&D Net	$32,274	$34,951	$8,249	$7,332	$6,955	$7,891	$30,427	$7,941	$7,900	$8,000	$8,000	$31,841	$33,500
% of total revenue	9.3%	8.9%	9.3%	8.9%	8.1%	9.6%	9.0%	9.3%	9.2%	8.4%	8.0%	8.7%	8.8%
Sales and Marketing	40,577	44,717	12,297	11,722	12,609	12,053	48,681	13,990	13,500	13,500	13,600	54,590	55,200
General and administrative	23,793	14,220	5,436	6,940	6,013	6,005	24,394	5,520	5,600	5,600	5,700	22,420	26,600
Other incl. restructuring, M&A	2,015	4,236	4,207	229	20	(652)	3,804	540	-	-	-	540	-
Total Operating Expenses	98,659	98,124	30,189	26,223	25,597	25,297	107,306	27,991	27,000	27,100	27,300	109,391	115,300
Operating Income	**21,210**	**38,727**	**(1,090)**	**2,217**	**3,753**	**2,366**	**7,246**	**2,085**	**520**	**5,675**	**6,700**	**14,980**	**15,055**
Operating Margin	**6.1%**	**9.8%**	**-1.2%**	**2.7%**	**4.4%**	**2.9%**	**2.1%**	**2.5%**	**0.6%**	**6.0%**	**6.7%**	**4.1%**	**3.9%**
Non-GAAP Operating Income	**29,022**	**48,763**	**4,494**	**4,721**	**5,332**	**3,423**	**17,970**	**2,729**	**2,020**	**7,175**	**8,200**	**20,124**	**21,055**
Non-GAAP Operating Margin	**8.4%**	**12.4%**	**5.1%**	**5.7%**	**6.2%**	**4.2%**	**5.3%**	**3.2%**	**2.3%**	**7.6%**	**8.2%**	**5.5%**	**5.5%**
			4,594	5,400	4,555	2,713							
Total Other Items	(8,468)	(11,474)	990	(2,896)	(2,976)	(1,656)	(6,538)	(2,856)	(2,000)	(2,000)	(2,000)	(8,856)	(8,000)
Pre-Tax Income	**12,742**	**27,253**	**(100)**	**(679)**	**777**	**710**	**708**	**(771)**	**(1,480)**	**3,675**	**4,700**	**6,124**	**7,055**
Pre-Tax Margin	**3.7%**	**6.9%**	**-0.1%**	**-0.8%**	**0.9%**	**0.9%**	**0.2%**	**-0.9%**	**-1.7%**	**3.9%**	**4.7%**	**1.7%**	**1.8%**
Taxes (benefit)	6,522	3,190	880	588	749	581	2,798	572	(178)	441	564	1,399	847
Tax Rate	51.2%	11.7%	-879.2%	-86.6%	96.4%	81.8%	395.2%	-74.2%	12.0%	12.0%	12.0%	22.9%	12.0%
Net income	**6,220**	**24,063**	**(980)**	**(1,267)**	**28**	**129**	**(2,090)**	**(1,343)**	**(1,302)**	**3,234**	**4,136**	**4,725**	**6,208**
Net Margin	**1.8%**	**6.1%**	**-1.1%**	**-1.5%**	**0.0%**	**0.2%**	**-0.6%**	**-1.6%**	**-1.5%**	**3.4%**	**4.1%**	**1.3%**	**1.6%**
Adjusted EPS	0.20	0.41	0.03	0.03	0.02	0.02	0.09	0.01	0.00	0.05	0.06	0.12	0.15
Total GAAP EPS	**0.07**	**0.27**	**(0.01)**	**(0.01)**	**0.00**	**0.00**	**(0.02)**	**(0.01)**	**(0.01)**	**0.03**	**0.04**	**0.05**	**0.07**
Diluted Shares Outstanding	85,483	88,460	88,743	89,471	91,744	92,432	89,787	90,709	92,500	92,500	92,600	92,077	92,850

Source: Company reports and Litchfield Hills Research LLC

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Figure 7 – Ceragon Networks – Balance Sheet (USD$ 000)

December ending year	FY2027E	FY2026E	FY2025A	FY2024A	FY2023A	FY2022A
Balance sheet						
Current Assets						
Cash and S.T.I.	$45,851	$45,454	$38,368	$35,311	$28,237	$22,948
Accounts receivable	130,000	120,000	99,673	149,619	104,321	100,034
Inventories	28,000	25,000	25,576	16,415	16,571	15,756
Other assets	60,000	60,000	61,587	59,693	68,811	72,009
Total Current Assets	**263,851**	**250,454**	**225,204**	**261,038**	**217,940**	**210,747**
Net PP&E	37,000	38,000	39,952	36,764	30,659	29,456
Other non-current assets	23,000	20,000	17,697	22,654	25,776	40,907
Total Assets	**$353,851**	**$341,454**	**$317,042**	**$344,996**	**$298,525**	**$289,318**
Current Liabilities						
Accounts and other payables	$95,000	$90,000	$70,784	$91,157	$67,032	$67,384
Short term borrowings	$20,000	$20,000	$19,000	$25,200	$32,600	$37,500
Other AP and accrued	$22,000	$25,000	$24,071	$29,547	$23,925	$20,864
Other current liabilities	$6,000	$6,000	$6,372	$5,544	$9,396	$7,088
Total current liabilities	**143,000**	**141,000**	**120,227**	**151,448**	**132,953**	**132,836**
Operating lease liabilities	9,000	12,800	13,331	12,936	13,716	13,187
Other non-current	16,000	11,000	10,732	14,287	17,837	23,512
Total Liabilities	**168,000**	**164,800**	**144,290**	**178,671**	**164,506**	**169,535**
Stockholders' Equity						
Preferred stock						
Total stockholders' equity	185,851	176,654	172,752	166,325	134,019	119,783
Total Liabilities and equity	**$353,851**	**$341,454**	**$317,042**	**$344,996**	**$298,525**	**$289,318**

Source: Company reports and Litchfield Hills Research LLC

Figure 8 – Ceragon Networks – Cash Flow (USD$ 000)

	2026E	2026E	2025E	2024A	2023A
Net Income	$6,208	$4,725	($2,090)	$24,063	$6,220
Accounts receivable	(10,000)	(20,327)	49,946	(45,298)	(4,287)
Other AR and Prepaid	(3,000)	576	(9,161)	156	(815)
Inventories	0	1,587	(1,894)	9,118	3,198
Net PP&E	1,000	1,952	(3,188)	(6,105)	(1,203)
Goodwill and intangibles	3,000	1,189	(9,649)	(390)	(15,942)
Other non-current	(3,000)	(2,303)	4,957	3,122	15,131
Accounts and other payables	5,000	19,216	(20,373)	24,125	(352)
Short term borrowings	0	1,000	(6,200)	(7,400)	(4,900)
Other AP and accrued	(3,000)	929	(5,476)	5,622	3,061
Other current liabilities	0	(372)	828	(3,852)	2,308
Operating lease liabilities	(3,800)	(531)	395	(780)	529
Other non-current	5,000	268	(3,555)	(3,550)	(5,675)
Redeemable common stock	0	0	0	0	0
Common stock	(11)	1	2	8	0
Additonal paid in capital	3,000	360	7,271	10,208	4,947
Other comprehensive loss	0	(1,184)	1,244	(1,973)	3,069
Treasury stock and note	0	0	0	0	0
Dividend/Financing/Adj. Other	0	0	0	0	0
Total Cash Flow	$397	$7,086	$3,057	$7,074	$5,289

Source: Litchfield Hills Research LLC

Disclosures:

Analyst Certification
We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

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We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110, and the report has been reviewed by a Supervisory Analyst.

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.
HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.
SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.
Total return is defined as price appreciation plus dividend yield.

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