LITCHFIELD HILLS RESEARCH

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

Action Summary – 13 August 2026

Analyst, Theodore R. O'Neill 2Q26 Results and update- *Reiterate our Buy rating and $9 PT.*

Top and bottom line beat on 2Q26. The company reported 2Q26 revenue and non-GAAP EPS of $93.9MM and $0.02, respectively, beating consensus revenue estimates of $86.4MM and non-GAAP EPS of $0.00. On a GAAP basis, the company reported $0.009 below our estimate. The slightly unfavorable variance was due to higher operating taxes. Excluding taxes, it beat GAAP estimates.

India book remains strong. India continues to be a major growth driver, with $120 million in bookings through late July 2026, primarily driven by 4G and 5G network expansion and modernization. Fixed wireless access (FWA) is a key contributor to this demand.

North America improving. Improving revenue visibility in the second half of 2026, particularly from Tier 1 and private network opportunities.

Supply Chain Challenges. Component shortages and supply chain disruptions, exacerbated by the global demand for AI-related chips, are impacting gross margins and revenue conversion timelines. It is trying to mitigate cost pressures while, at the same time, facing challenges in sourcing materials fast enough to meet all customers' needs. Mitigation efforts include redesigning products for cost efficiency and increasing software sales, but these challenges are expected to persist into 2027.

Guidance for 2026 updated. Management reaffirmed revenue guidance of $355-$385MM but lowered non-GAAP gross margin and non-GAAP operating margin by ~100bps due to supply chain issues mentioned above.

Adjusting estimates. For 2026, our revenue and Adjusted EPS estimates are now $364.4MM and $0.09, respectively, down from $366.0MM and $0.12. For 2027, our revenue and EPS remain unchanged.

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.

8/12/26 Closing price: $2.21	**Market cap: $195 million**	**2027 Market cap/sales: 0.51x**	**2027 EV/Sales: 0.50X**
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	$0.09	$364.4	2.6%
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	$33.2
2027E	$37.6

Short term debt (USD millions)

2022A	$37.5
2023A	$32.6
2024A	$25.2
2025A	$19.0
2026E	$12.0
2027E	$10.0

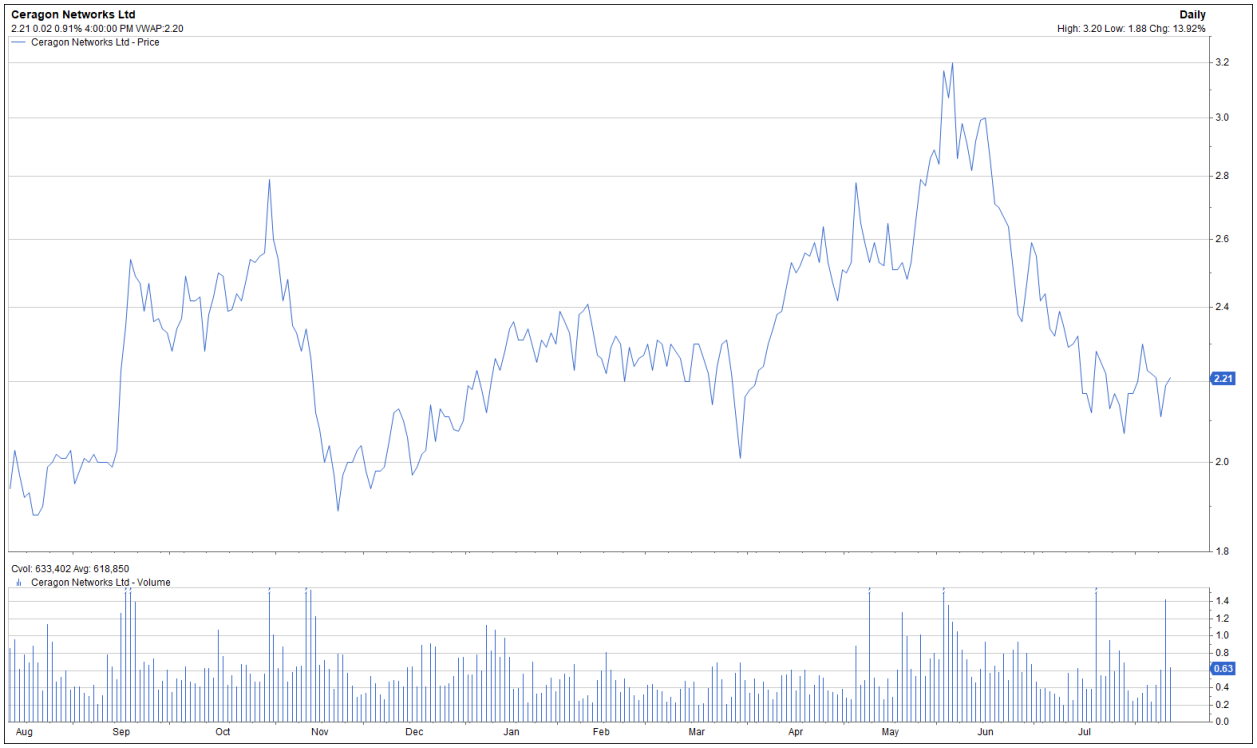
Risks/Valuation

- 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

Top and bottom line beat on 2Q26. The company reported 2Q26 revenue and non-GAAP EPS of $93.9MM and $0.02, respectively, beating consensus revenue estimates of $86.4MM and non-GAAP EPS of $0.00. On a GAAP basis, as shown in Figure 2, the company reported $0.009 below our estimate (same variance as last quarter). The slightly unfavorable variance was due to higher operating taxes. If it had reported the tax rate assumed in our model, as we would normally expect, GAAP EPS would have slightly exceeded our estimate.

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Figure 2 – Ceragon Networks – Quarterly Analysis

Income Statement	FY26 Q2E	FY26 Q2A	Better / (worse) than estimates
Sales			
Total Revenue	86,000	93,914	$7,914
Total cost of products sold	58,480	64,187	(5,707)
Total Gross Profit	27,520	29,727	2,207
GP%	32.0%	31.7%	
Operating expenses:			
R&D Net	7,900	8,405	(505)
Sales and Marketing	13,500	12,909	591
General and administrative	$5,600	$6,823	(1,223)
Other incl. restructuring, M&A	0	1,353	(1,353)
Total Expenses	27,000	29,490	(2,490)
Earnings (loss) from Operations	520	237	(283)
Financial costs and other	(2,000)	(1,663)	337
Earnings before taxes	(1,480)	(1,426)	54
Tax expense/(benefit)	(178)	665	(843)
Net income	($1,302)	($2,091)	($789)
Total GAAP EPS	($0.01)	($0.02)	($0.0089)
Adjusted EPS	$0.00	$0.02	$0.02
Diluted common shares	92,500	91,034	

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)

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 $8.66, 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.

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Figure 3 – Ceragon Networks – Price Target Calculation

Discounted future earnings: $8.66			
YEAR		EPS	Discounted EPS
	2026	($0.01)	($0.01)
	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	3.27	3.39
CRNT	0.51	0.50
Discount to peers	**84%**	**85%**

Source: Litchfield Hills Research LLC and FactSet

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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
CIEN-US	Ciena Corp.	$387.53	54,856	57,079	44.79	7.91	7.61	36.24
NOKIA-FI	Nokia Oyj (FI Listing)	$9.49	54,495	53,488	22.04	2.29	2.33	14.90
6701-JP	NEC Corporation (Ordinary)	$30.75	41,952	42,277	19.12	1.73	1.71	13.88
ERIC.A-SE	Telefon AB L.M.Ericsson (Class A)	$10.29	34,144	32,161	15.62	1.35	1.43	8.11
000063-CN	ZTE Corporation (Class A)	$5.07	22,755	20,457	28.25	0.88	0.96	
002281-CN	Accelink technologies Co Ltd (CN Listing)	$27.29	22,589	20,629	45.53	4.45	4.88	
KTOS-US	Kratos Defense & Security Solutions Inc.	$63.73	11,963	10,871	57.71	4.93	5.42	56.80
600498-CN	Fiberhome Telecom Tech Co (Class A)	$5.67	7,695	9,874	26.09	2.12	1.66	
MRCY-US	Mercury Systems Inc	$109.15	6,554	6,794	73.90	6.63	6.40	50.62
MXL-US	MaxLinear Inc.	$69.02	6,260	6,800	27.58	7.59	6.99	28.25
DGII-US	Digi International	$83.58	3,172	3,343	27.22	5.89	5.59	
CALX-US	Calix Inc.	$39.62	2,495	2,415	17.33	1.77	1.82	
002583-CN	Hytera Communications Corp. Ltd. (Class A)	$1.24	1,588	2,414				
ADV-DE	Adtran Networks SE	$26.89	1,400	1,410				
GILT-US	Gilat Satellite Networks (US Listing)	$11.21	848	741	16.25	1.37	1.55	
AVNW-US	Aviat Networks. Inc.	$21.00	272	300	7.72	0.67	0.61	
CMTL-US	Comtech Telecommunications	$1.73	52	486		1.25	0.13	
	AVERAGE				30.65	3.39	3.27	29.83
CRNT-US	Ceragon Networks (US Listing)	$2.19	199	193	12.42	0.50	0.51	6.45
	CRNT Discount to peers:				**-59%**	**-85%**	**-84%**	**-78%**

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 Q2A	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	$93,914	$93,500	$92,000	$364,417	$382,000
Growth	18%	14%	0%	-14%	-17%	-23%	-14%	-4%	14%	9%	12%	8%	5%
Cost of Goods	227,310	257,339	59,553	53,822	56,134	54,667	224,176	54,927	64,187	62,178	61,640	242,932	251,645
Gross Profit	**119,869**	**136,851**	**29,099**	**28,440**	**29,350**	**27,663**	**114,552**	**30,076**	**29,727**	**31,323**	**30,360**	**121,486**	**130,355**
Gross Margin	**34.5%**	**34.7%**	**32.8%**	**34.6%**	**34.3%**	**33.6%**	**33.8%**	**35.4%**	**31.7%**	**33.5%**	**33.0%**	**33.3%**	**34.1%**
R&D Net	$32,274	$34,951	$8,249	$7,332	$6,955	$7,891	$30,427	$7,941	$8,405	$8,000	$8,000	$32,346	$33,500
% of total revenue	9.3%	8.9%	9.3%	8.9%	8.1%	9.6%	9.0%	9.3%	8.9%	8.6%	8.7%	8.9%	8.8%
Sales and Marketing	40,577	44,717	12,297	11,722	12,609	12,053	48,681	13,990	12,909	13,500	13,600	53,999	55,200
General and administrative	23,793	14,220	5,436	6,940	6,013	6,005	24,394	5,520	6,823	5,600	5,700	23,643	26,600
Other incl. restructuring, M&A	2,015	4,236	4,207	229	20	(652)	3,804	540	1,353	-	-	1,893	-
Total Operating Expenses	98,659	98,124	30,189	26,223	25,597	25,297	107,306	27,991	29,490	27,100	27,300	111,881	115,300
Operating Income	**21,210**	**38,727**	**(1,090)**	**2,217**	**3,753**	**2,366**	**7,246**	**2,085**	**237**	**4,222**	**3,060**	**9,604**	**15,055**
Operating Margin	**6.1%**	**9.8%**	**-1.2%**	**2.7%**	**4.4%**	**2.9%**	**2.1%**	**2.5%**	**0.3%**	**4.5%**	**3.3%**	**2.6%**	**3.9%**
Non-GAAP Operating Income	**29,022**	**48,763**	**4,494**	**4,721**	**5,332**	**3,423**	**17,970**	**2,729**	**2,074**	**5,722**	**4,560**	**15,085**	**21,055**
Non-GAAP Operating Margin	**8.4%**	**12.4%**	**5.1%**	**5.7%**	**6.2%**	**4.2%**	**5.3%**	**3.2%**	**2.2%**	**6.1%**	**5.0%**	**4.1%**	**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)	(1,663)	(2,000)	(2,000)	(8,519)	(8,000)
Pre-Tax Income	**12,742**	**27,253**	**(100)**	**(679)**	**777**	**710**	**708**	**(771)**	**(1,426)**	**2,222**	**1,060**	**1,085**	**7,055**
Pre-Tax Margin	**3.7%**	**6.9%**	**-0.1%**	**-0.8%**	**0.9%**	**0.9%**	**0.2%**	**-0.9%**	**-1.5%**	**2.4%**	**1.2%**	**0.3%**	**1.8%**
Taxes (benefit)	6,522	3,190	880	588	749	581	2,798	572	665	267	127	1,631	847
Tax Rate	51.2%	11.7%	-879.2%	-86.6%	96.4%	81.8%	395.2%	-74.2%	-46.6%	12.0%	12.0%	150.3%	12.0%
Net income	**6,220**	**24,063**	**(980)**	**(1,267)**	**28**	**129**	**(2,090)**	**(1,343)**	**(2,091)**	**1,956**	**933**	**(545)**	**6,208**
Net Margin	**1.8%**	**6.1%**	**-1.1%**	**-1.5%**	**0.0%**	**0.2%**	**-0.6%**	**-1.6%**	**-2.2%**	**2.1%**	**1.0%**	**-0.1%**	**1.6%**
Adjusted EPS	0.20	0.41	0.03	0.03	0.02	0.02	0.09	0.01	0.02	0.04	0.03	0.09	0.15
Total GAAP EPS	**0.07**	**0.27**	**(0.01)**	**(0.01)**	**0.00**	**0.00**	**(0.02)**	**(0.01)**	**(0.02)**	**0.02**	**0.01**	**(0.01)**	**0.07**
Diluted Shares Outstanding	85,483	88,460	88,743	89,471	91,744	92,432	89,787	90,709	91,034	92,500	92,600	91,711	92,850

Source: Company reports and Litchfield Hills Research LLC

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.	$37,581	$33,184	$38,368	$35,311	$28,237	$22,948
Accounts receivable	110,000	105,000	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	**235,581**	**223,184**	**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	**$325,581**	**$314,184**	**$317,042**	**$344,996**	**$298,525**	**$289,318**
Current Liabilities						
Accounts and other payables	$80,000	$70,000	$70,784	$91,157	$67,032	$67,384
Short term borrowings	$10,000	$12,000	$19,000	$25,200	$32,600	$37,500
Other AP and accrued	$22,000	$28,000	$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	**118,000**	**116,000**	**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	**143,000**	**139,800**	**144,290**	**178,671**	**164,506**	**169,535**
Stockholders' Equity						
Preferred stock						
Total stockholders' equity	182,581	174,384	172,752	166,325	134,019	119,783
Total Liabilities and equity	**$325,581**	**$314,184**	**$317,042**	**$344,996**	**$298,525**	**$289,318**

Source: Company reports and Litchfield Hills Research LLC

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

	2027E	2026E	2025A	2024A	2023A
Net Income	$6,208	($545)	($2,090)	$24,063	$6,220
Accounts receivable	(5,000)	(5,327)	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	10,000	(784)	(20,373)	24,125	(352)
Short term borrowings	(2,000)	(7,000)	(6,200)	(7,400)	(4,900)
Other AP and accrued	(6,000)	3,929	(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	2,000	3,360	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	$4,397	($5,184)	$3,057	$7,074	$5,289

Source: Litchfield Hills Research LLC

Disclosures:

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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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