LITCHFIELD HILLS RESEARCH

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

Action Summary – 19 February 2026

Analyst Theodore R. O'Neill 4Q25 Results and update- *Reiterate our Buy rating and $9 PT.*

Meets non-GAAP EPS expectations on slightly higher revenue. The company reported 4Q25 revenue and non-GAAP EPS of $82.3MM and $0.02, respectively, beating consensus revenue estimates of $82.1MM, which was also in line with guidance ($81MM-$83MM) and hitting consensus non-GAAP EPS of $0.02. On a GAAP basis, the company reported $0.003 better than our estimate. The favorable variance was due to higher sales, lower operating and financial costs, partially offset by lower margins and higher taxes.

Business outlook continues to be robust. On January 8, the company announced that a portion of the deliveries for one single-large North American customer were shifted from 4Q25 into 1Q26. Confirming this was strictly based on project timing, the same customer placed additional orders in 4Q25. More broadly, bookings in NA remained strong in Q4 with the NA backlog almost doubling YoY. During 2025, the company said it added more than 30 new customers, of which over 75% were private network. In India, it is starting 2026 with an annual revenue run rate of approximately $100 million, primarily driven by two main customers. On the FX front, the impact of the Israeli shekel exchange rate is expected to represent an approximate $5 million headwind. It intends to launch four new products in 2026 at the MWC in Barcelona next month.

Guidance for 2026. The company also reiterated guidance for 2026 revenue between $355MM and $385MM.

Adjusting estimates. For 2026, our revenue and Adjusted EPS estimates are now $363MM and $0.16, respectively, from $369MM and $0.15, respectively. For 2027, we are initiating revenue and adjusted EPS estimates of $382MM and $0.19, respectively.

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.

2/18/2026 Closing price: $2.29	**Market cap: $195 million**	**2027 Market cap/sales: 0.53x**	**2027 EV/Sales: 0.52X**
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	$0.16	$363.0	4.9%
FY27E	$0.19	$382.0	5.2%

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	$49.5
2027E	$54.0

Short term debt (USD millions)

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

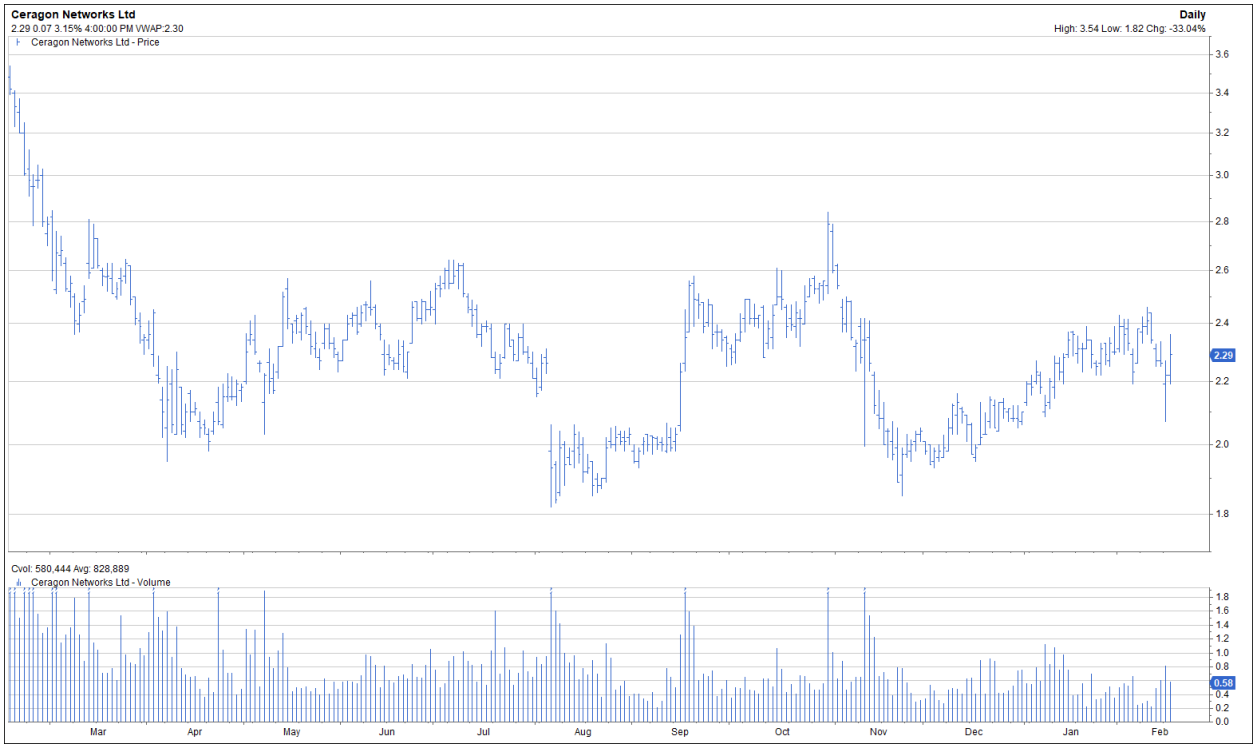
Risks/Valuation

- 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 4Q25 revenue and non-GAAP EPS of $82.3MM and $0.02, respectively, beating consensus revenue estimates of $82.1MM, which was also in line with guidance ($81MM-$83MM) and hitting consensus non-GAAP EPS of $0.02. On a GAAP basis, as shown in Figure 2, the company reported $0.003 better than our estimate. The favorable variance was due to higher sales, lower operating and financial costs, partially offset by lower margins and higher taxes.

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Figure 2 – Ceragon Networks – Quarterly Analysis

Income Statement	FY25 Q4E	FY25 Q4A	Better / (worse) than estimates
Sales			
Total Revenue	81,000	82,330	$1,330
Total cost of products sold	53,460	54,667	(1,207)
Total Gross Profit	27,540	27,663	123
GP%	34.0%	33.6%	
Operating expenses:			
R&D Net	7,450	7,891	(441)
Sales and Marketing	11,500	12,053	(553)
General and administrative	$6,800	$6,005	795
Other incl. restructuring, M&A	0	(652)	652
Total Expenses	25,750	25,297	453
Earnings (loss) from Operations	1,790	2,366	576
Financial costs and other	(2,000)	(1,656)	344
Earnings before taxes	(210)	710	920
Tax expense/(benefit)	(25)	581	(606)
Net income	($185)	$129	$314
Total GAAP EPS	($0.00)	$0.00	$0.00
Adjusted EPS	$0.02	$0.02	$0.00
Diluted common shares	92,000	92,432	

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 $8.80, which we round to $9.00. Were it to trade at that level, the implied 2026 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: $8.80			
YEAR		EPS	Discounted EPS
	2026	$0.09	$0.09
	2027	$0.11	$0.10
	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	2.80	2.85
CRNT	0.53	0.52
Discount to peers	**81%**	**82%**

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
6701-JP	NEC Corporation (Ordinary)	$26.03	35,515	35,708	16.18	1.38	1.38	11.97
NOKIA-FI	Nokia Oyj (FI Listing)	$7.11	40,803	36,848	17.13	1.53	1.70	10.87
CIEN-US	Ciena Corp.	$302.33	42,769	44,230	45.28	6.55	6.33	37.22
ERIC.A-SE	Telefon AB L.M.Ericsson (Class A)	$11.10	37,325	36,219	15.43	1.41	1.45	8.53
000063-CN	ZTE Corporation (Class A)	$5.38	24,333	20,625	18.36	0.83	0.97	
KTOS-US	Kratos Defense & Security Solutions Inc.	$91.97	15,665	15,470	93.28	8.43	8.52	85.88
002281-CN	Accelink technologies Co Ltd (CN Listing)	$10.13	8,173	7,918	31.17	3.06	3.16	
600498-CN	Fiberhome Telecom Tech Co (Class A)	$6.03	8,183	9,207	41.36	2.24	1.98	
MRCY-US	Mercury Systems Inc	$83.32	5,000	5,258	57.69	5.23	4.98	36.83
CALX-US	Calix Inc.	$52.31	3,467	3,250	21.64	2.51	2.68	
002583-CN	Hytera Communications Corp. Ltd. (Class A)	$1.56	2,001	2,993				
MXL-US	MaxLinear Inc.	$19.82	1,713	1,787	16.26	2.67	2.55	27.86
DGII-US	Digi International	$48.94	1,841	1,987	18.90	3.75	3.48	
ADV-DE	Adtran Networks SE	$26.46	1,377	1,418				
GILT-US	Gilat Satellite Networks (US Listing)	$14.21	1,039	681	18.83	1.23	1.87	
AVNW-US	Aviat Networks. Inc.	$24.72	319	343	7.78	0.71	0.66	
CMTL-US	Comtech Telecommunications	$5.67	168	576		1.23	0.36	
CMBM-US	Cambium Networks Corporation	$1.21	34	65				
	AVERAGE				29.95	2.85	2.80	31.31
CRNT-US	Ceragon Networks (US Listing)	$2.22	200	197	9.81	0.52	0.53	6.58
	CRNT Discount to peers:				**-67%**	**-82%**	**-81%**	**-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 Q1E	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	$80,000	$88,000	$95,000	$100,000	$363,000	$382,000
Growth	18%	14%	0%	-14%	-17%	-23%	-14%	-10%	7%	11%	21%	7%	5%
Cost of Goods	227,310	257,339	59,553	53,822	56,134	54,667	224,176	53,600	58,520	62,225	66,000	240,345	251,645
Gross Profit	**119,869**	**136,851**	**29,099**	**28,440**	**29,350**	**27,663**	**114,552**	**26,400**	**29,480**	**32,775**	**34,000**	**122,655**	**130,355**
Gross Margin	**34.5%**	**34.7%**	**32.8%**	**34.6%**	**34.3%**	**33.6%**	**33.8%**	**33.0%**	**33.5%**	**34.5%**	**34.0%**	**33.8%**	**34.1%**
R&D Net	$32,274	$34,951	$8,249	$7,332	$6,955	$7,891	$30,427	$7,400	$7,700	$8,000	$8,000	$31,100	$33,500
% of total revenue	9.3%	8.9%	9.3%	8.9%	8.1%	9.6%	9.0%	9.3%	8.8%	8.4%	8.0%	8.6%	8.8%
Sales and Marketing	40,577	44,717	12,297	11,722	12,609	12,053	48,681	11,500	12,000	12,500	13,000	49,000	50,500
General and administrative	23,793	14,220	5,436	6,940	6,013	6,005	24,394	6,100	6,100	6,200	6,200	24,600	26,600
Other incl. restructuring, M&A	2,015	4,236	4,207	229	20	(652)	3,804	-	-	-	-	-	-
Total Operating Expenses	98,659	98,124	30,189	26,223	25,597	25,297	107,306	25,000	25,800	26,700	27,200	104,700	110,600
Operating Income	**21,210**	**38,727**	**(1,090)**	**2,217**	**3,753**	**2,366**	**7,246**	**1,400**	**3,680**	**6,075**	**6,800**	**17,955**	**19,755**
Operating Margin	**6.1%**	**9.8%**	**-1.2%**	**2.7%**	**4.4%**	**2.9%**	**2.1%**	**1.7%**	**4.2%**	**6.4%**	**6.8%**	**4.9%**	**5.2%**
Non-GAAP Operating Income	**29,022**	**48,763**	**4,494**	**4,721**	**5,332**	**3,423**	**17,970**	**2,900**	**5,180**	**7,575**	**8,300**	**23,955**	**25,755**
Non-GAAP Operating Margin	**8.4%**	**12.4%**	**5.1%**	**5.7%**	**6.2%**	**4.2%**	**5.3%**	**3.6%**	**5.9%**	**8.0%**	**8.3%**	**6.6%**	**6.7%**
			4,594	5,400	4,555	2,713							
Total Other Items	(8,468)	(11,474)	990	(2,896)	(2,976)	(1,656)	(6,538)	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)	(8,000)
Pre-Tax Income	**12,742**	**27,253**	**(100)**	**(679)**	**777**	**710**	**708**	**(600)**	**1,680**	**4,075**	**4,800**	**9,955**	**11,755**
Pre-Tax Margin	**3.7%**	**6.9%**	**-0.1%**	**-0.8%**	**0.9%**	**0.9%**	**0.2%**	**-0.8%**	**1.9%**	**4.3%**	**4.8%**	**2.7%**	**3.1%**
Taxes (benefit)	6,522	3,190	880	588	749	581	2,798	(72)	202	489	576	1,195	1,411
Tax Rate	51.2%	11.7%	-879.2%	-86.6%	96.4%	81.8%	395.2%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Net income	**6,220**	**24,063**	**(980)**	**(1,267)**	**28**	**129**	**(2,090)**	**(528)**	**1,478**	**3,586**	**4,224**	**8,760**	**10,344**
Net Margin	**1.8%**	**6.1%**	**-1.1%**	**-1.5%**	**0.0%**	**0.2%**	**-0.6%**	**-0.7%**	**1.7%**	**3.8%**	**4.2%**	**2.4%**	**2.7%**
Adjusted EPS	0.20	0.41	0.03	0.03	0.02	0.02	0.09	0.00	0.04	0.06	0.07	0.16	0.19
Total GAAP EPS	**0.07**	**0.27**	**(0.01)**	**(0.01)**	**0.00**	**0.00**	**(0.02)**	**(0.01)**	**0.02**	**0.04**	**0.05**	**0.09**	**0.11**
Diluted Shares Outstanding	85,483	88,460	88,743	89,471	91,744	92,432	89,787	92,450	92,500	92,500	92,600	92,513	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.	$54,023	$49,489	$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	**272,023**	**254,489**	**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	**$362,023**	**$345,489**	**$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	194,023	180,689	172,752	166,325	134,019	119,783
Total Liabilities and equity	**$362,023**	**$345,489**	**$317,042**	**$344,996**	**$298,525**	**$289,318**

Source: Company reports and Litchfield Hills Research LLC

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

	2026E	2025E	2024A	2023A
Net Income	$8,760	($2,090)	$24,063	$6,220
Accounts receivable	(20,327)	49,946	(45,298)	(4,287)
Other AR and Prepaid	576	(9,161)	156	(815)
Inventories	1,587	(1,894)	9,118	3,198
Net PP&E	1,952	(3,188)	(6,105)	(1,203)
Goodwill and intangibles	1,189	(9,649)	(390)	(15,942)
Other non-current	(2,303)	4,957	3,122	15,131
Accounts and other payables	19,216	(20,373)	24,125	(352)
Short term borrowings	1,000	(6,200)	(7,400)	(4,900)
Other AP and accrued	929	(5,476)	5,622	3,061
Other current liabilities	(372)	828	(3,852)	2,308
Operating lease liabilities	(531)	395	(780)	529
Other non-current	268	(3,555)	(3,550)	(5,675)
Redeemable common stock	0	0	0	0
Common stock	1	2	8	0
Additonal paid in capital	360	7,271	10,208	4,947
Other comprehensive loss	(1,184)	1,244	(1,973)	3,069
Treasury stock and note	0	0	0	0
Dividend/Financing/Adj. Other	0	0	0	0
Total Cash Flow	$11,121	$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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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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