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to take you further*

# Q1 2022 Financial Review

May 2022



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*Although we believe that the projections reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be obtained or that any deviations therefrom will not be material. Such forward-looking statements involve known and unknown risks and uncertainties that may cause Ceragon’s future results or performance to differ materially from those anticipated, expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the continuing impact of the components shortage due to the global shortage in semiconductors, chipsets, components and other commodities, on our supply chain, manufacturing capacity and ability to timely deliver our products, which have caused, and could continue to cause delays in deliveries of our products and in the deployment of projects by our customers, risk of penalties and orders cancellation created thereby, as well as profit erosion due to constant price increase, payment of expedite fees and costs of inventory pre-ordering and procurement acceleration of such inventory, and the risk of becoming a deadstock if not consumed; the continued effect of the global increase in shipping costs and decrease in shipping slots availability on us, our supply chain and customers, which have resulted, and may continue to result in, price erosion, late deliveries and the risk of penalties and orders cancellation due to late deliveries; the impact of the transition to 5G technologies on our revenues if such transition is developed differently than we anticipated; the risks relating to the concentration of a major portion of our business on large mobile operators around the world from which we derive a significant portion of our ordering, that due to their relative effect on the overall ordering coupled with inconsistent ordering pattern and volume of business directed to us, creates high volatility with respect to our financial results and results of operations; the effect of the competition from other wireless transport equipment providers and from other communication solutions that compete with our high-capacity point-to-point wireless products; the continued effect of the COVID-19 pandemic on the global economy and markets and on us and on the markets in which we operate and our and our customers, providers, business partners and contractors business and operations; the risks relating to increased breaches of network or information technology security along with increase in cyber-attack activities, growing cyber-crime threats, and changes in privacy and data protection laws, that could have an adverse effect on our business; risks associated with any failure to meet our product development timetable, including delay in the commercialization of our new chipset; imposition of additional sanctions and global trade limitations in connection with Russia’s invasion to Ukraine, the effects of general economic conditions and trends on the global and local markets in which we operate and such other risks, uncertainties and other factors that could affect our results, as further detailed in Ceragon’s most recent Annual Report on Form 20-F and in Ceragon’s other filings with the Securities and Exchange Commission.*

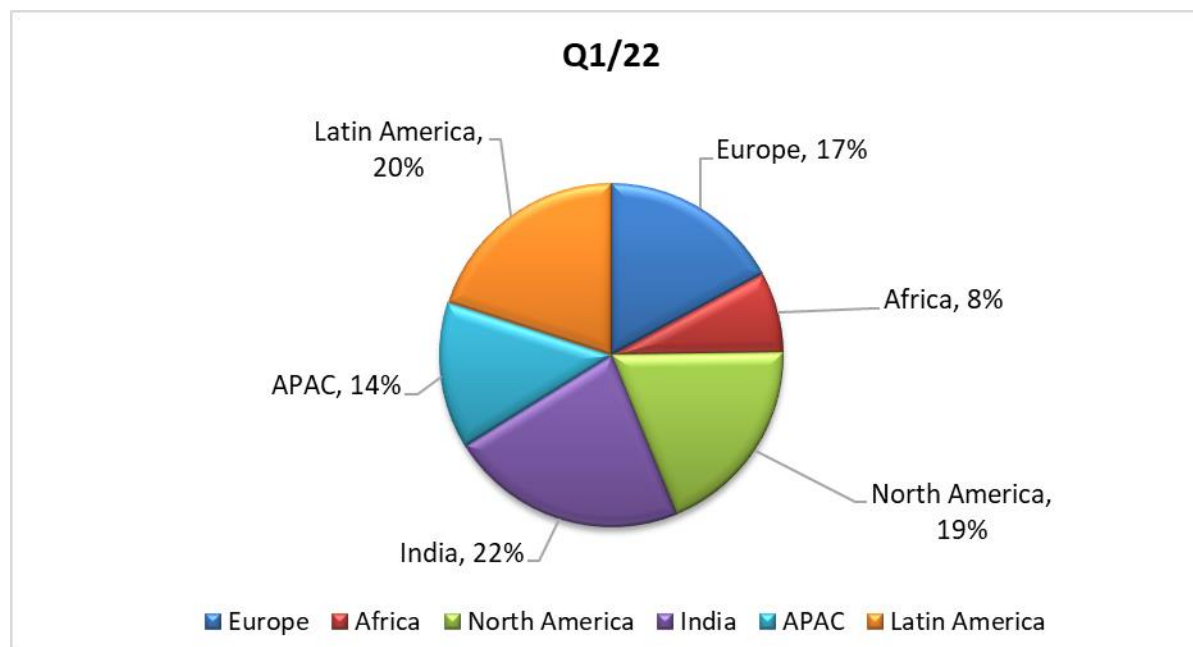
*Such forward-looking statements, including the risks, uncertainties and other factors that could affect our results, represent our views only as of the date they are made and should not be relied upon as representing our views as of any subsequent date. Such forward-looking statements do not purport to be predictions of future events or results and there can be no assurance that it will prove to be accurate. Ceragon may elect to update these forward-looking statements at some point in the future but the company specifically disclaims any obligation to do so except as may be required by law.*

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# Revenues- Geographic Split

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22
Europe	17%	13%	15%	15%	15%	21%	14%	19%	19%	18%	15%	14%	17%
Africa	13%	11%	6%	7%	6%	4%	14%	10%	9%	8%	6%	9%	8%
North America	15%	20%	11%	13%	13%	15%	14%	16%	17%	19%	14%	16%	19%
India	15%	10%	29%	16%	25%	22%	24%	23%	26%	27%	35%	30%	22%
APAC	18%	18%	22%	18%	21%	19%	20%	14%	14%	11%	9%	10%	14%
Latin America	22%	28%	17%	31%	20%	19%	14%	18%	15%	17%	21%	21%	20%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# NON-GAAP Profit & Loss



Actual (Unaudited)													
	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22
Revenues	69,163	73,001	72,163	71,256	55,871	62,427	70,581	74,002	68,270	68,621	76,115	77,760	70,319
Cost of Revenues	44,495	46,615	48,907	48,980	41,833	45,891	46,970	52,631	48,087	47,005	52,509	55,199	50,850
<b>Gross profit</b>	<b>24,668</b>	<b>26,386</b>	<b>23,256</b>	<b>22,276</b>	<b>14,038</b>	<b>16,536</b>	<b>23,611</b>	<b>21,371</b>	<b>20,183</b>	<b>21,616</b>	<b>23,606</b>	<b>22,561</b>	<b>19,469</b>
<b>Gross margin</b>	<b>35.7%</b>	<b>36.1%</b>	<b>32.2%</b>	<b>31.3%</b>	<b>25.1%</b>	<b>26.5%</b>	<b>33.5%</b>	<b>28.9%</b>	<b>29.6%</b>	<b>31.5%</b>	<b>31.0%</b>	<b>29.0%</b>	<b>27.7%</b>
Research & Development	6,061	6,156	6,652	7,558	7,201	6,760	7,299	7,694	7,358	7,494	6,640	7,745	6,779
% R&D	8.8%	8.4%	9.2%	10.6%	12.9%	10.8%	10.3%	10.4%	10.8%	10.9%	8.7%	10.0%	9.6%
Selling & Marketing	9,287	9,914	9,585	9,975	8,173	8,032	7,819	8,452	8,186	8,266	8,349	8,681	8,495
%S&M	13.4%	13.6%	13.3%	14.0%	14.6%	12.9%	11.1%	11.4%	12.0%	12.0%	11.0%	11.2%	12.1%
General & Administration	5,600	5,478	4,456	6,836	4,246	4,755	4,754	4,680	3,934	5,247	4,645	4,616	4,803
%G&A	8.1%	7.5%	6.2%	9.6%	7.6%	7.6%	6.7%	6.3%	5.8%	7.6%	6.1%	5.9%	6.8%
Total operating expenses	20,948	21,548	20,693	24,369	19,620	19,547	19,872	20,826	19,478	21,007	19,634	21,042	20,077
<b>Operating profit (loss)</b>	<b>3,720</b>	<b>4,838</b>	<b>2,563</b>	<b>(2,093)</b>	<b>(5,582)</b>	<b>(3,011)</b>	<b>3,739</b>	<b>545</b>	<b>705</b>	<b>609</b>	<b>3,972</b>	<b>1,519</b>	<b>(608)</b>
<b>Operating margin</b>	<b>5.4%</b>	<b>6.6%</b>	<b>3.6%</b>	<b>-2.9%</b>	<b>-10.0%</b>	<b>-4.8%</b>	<b>5.3%</b>	<b>0.7%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>5.2%</b>	<b>2.0%</b>	<b>-0.9%</b>
Non-GAAP EBITDA	5,840	7,156	5,105	587	(2,878)	(331)	6,467	3,494	3,591	3,552	6,931	4,977	2,333
Financial expenses and others, net	(1,135)	(1,612)	(1,469)	(2,071)	(758)	(1,354)	(1,238)	(2,527)	(1,237)	(1,367)	(2,273)	(2,691)	(1,184)
Income Tax	(516)	(744)	(597)	(801)	(365)	(487)	(201)	(1,559)	(347)	(420)	(348)	(855)	(61)
<b>Non GAAP Net income (loss)</b>	<b>2,069</b>	<b>2,482</b>	<b>497</b>	<b>(4,965)</b>	<b>(6,705)</b>	<b>(4,852)</b>	<b>2,300</b>	<b>(3,541)</b>	<b>(879)</b>	<b>(1,178)</b>	<b>1,351</b>	<b>(2,027)</b>	<b>(1,853)</b>
Non GAAP EPS	0.03	0.03	0.01	(0.06)	(0.08)	(0.06)	0.03	(0.04)	(0.01)	(0.01)	0.02	(0.02)	(0.02)
# of Shares for diluted EPS ('000)	82,702	82,250	81,814	80,575	80,765	81,013	82,244	81,536	82,584	83,424	85,271	83,916	83,959

# Selected Cash Flow Data

(U.S. dollars in thousands)													
	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22
Total cash & cash equivalents	29,754	29,041	20,524	23,939	44,120	35,167	29,155	27,101	33,011	28,670	27,235	17,079	24,960
Cash flow from operations	(620)	(6,487)	(14,431)	8,607	3,127	6,666	(3,225)	10,677	(1,654)	(2,958)	(667)	(9,740)	(1,816)
Capital expenditures	(5,240)	(3,339)	(2,658)	(2,627)	(1,202)	(2,715)	(1,230)	(1,342)	(2,003)	(1,728)	(2,336)	(3,328)	(2,726)
Options Exercise	66	190	135	211	246	308	293	390	3,689	269	730	42	81
Proceeds (repayment) of short-term bank credits and loans, net	-	8,900	8,500	(2,800)	18,255	(13,176)	(1,800)	(11,900)	6,000	-	900	2,900	12,150
Other	(33)	23	(63)	24	(245)	(36)	(50)	121	(122)	76	(62)	(30)	192
<b>Net Change in Cash</b>	<b>(5,827)</b>	<b>(713)</b>	<b>(8,517)</b>	<b>3,415</b>	<b>20,181</b>	<b>(8,953)</b>	<b>(6,012)</b>	<b>(2,054)</b>	<b>5,910</b>	<b>(4,341)</b>	<b>(1,435)</b>	<b>(10,156)</b>	<b>7,881</b>

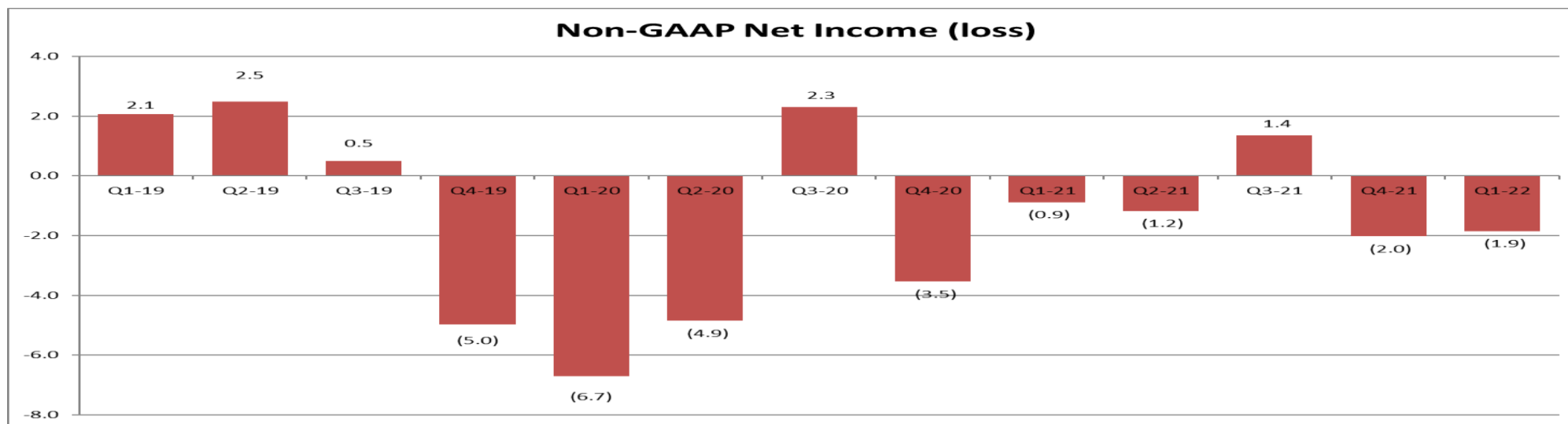
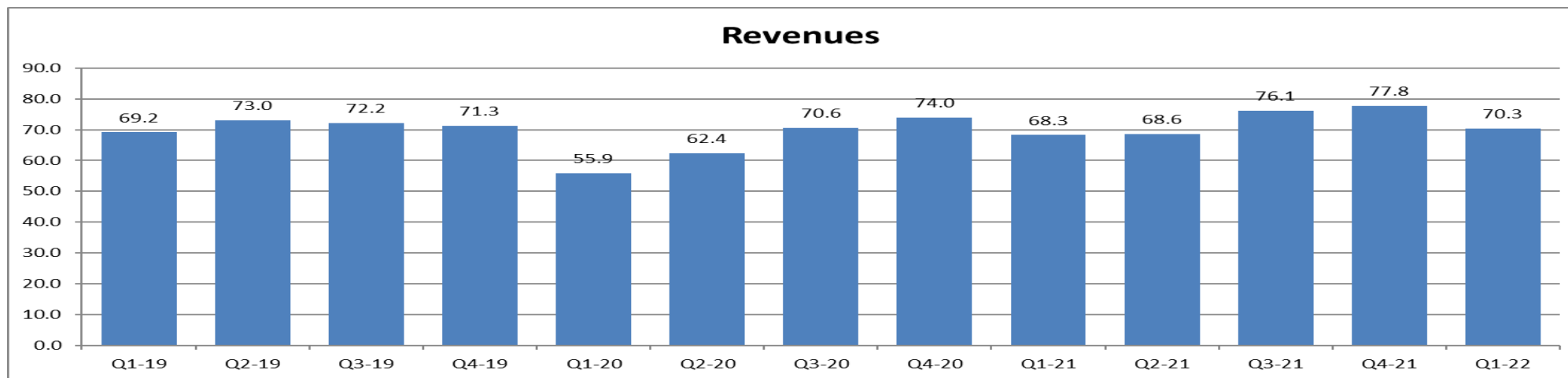
# Selected Balance Sheet Data

(U.S. dollars in thousands)													
	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22
Cash and Cash Equivalents	29,041	20,524	20,524	23,939	44,120	35,167	29,155	27,101	33,011	28,670	27,235	17,079	24,960
Trade Receivables	119,548	121,449	126,196	118,531	104,185	97,547	108,394	107,388	106,712	107,404	109,863	118,310	120,682
DSOs	132	141	154	151	140	136	152	149	141	139	140	149	150
Inventory	67,370	73,900	67,717	62,132	59,659	53,593	51,869	50,627	48,542	52,316	53,203	61,398	58,060
Inventory Days	114	132	126	120	117	106	103	99	92	98	97	111	103
Working capital	112,855	119,687	118,925	111,267	102,830	98,206	102,067	99,446	98,954	99,864	101,615	87,799	87,494
Short-term loans	-	8,900	17,400	14,600	32,855	19,679	17,879	5,979	11,979	11,000	11,900	14,800	26,950
Shareholders' Equity	161,833	163,759	163,878	160,421	151,414	147,329	149,662	146,126	146,397	146,310	147,663	137,151	135,856
% - Shareholders' Equity/													
Total assets	54%	53%	54%	55%	52%	54%	55%	54%	50%	50%	50%	47%	45%
Total Balance Sheet	297,517	308,513	302,067	289,889	292,671	272,097	273,759	272,419	291,098	294,416	295,416	292,563	300,187

# Reported results – Reconciliation to GAAP

(U.S. dollars in thousands)													
	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22
Non GAAP Net income (loss)	2,069	2,482	497	(4,965)	(6,705)	(4,852)	2,300	(3,541)	(879)	(1,178)	1,351	(2,027)	(1,853)
Share based compensation expenses	475	697	422	459	426	441	384	411	351	286	1,034	891	746
Amortization of intangible assets	-	-	-	-	-	-	-	1,800	-	-	-	-	-
Changes in indirect tax positions	21	9	4	(361)	1	1	1	(202)	1	2	2	(399)	-
Leases - financial expenses (income)	(26)	218	(91)	133	(450)	110	157	229	(186)	435	102	706	(425)
Paycheck protection program	-	-	-	-	-	-	-	-	-	(979)	-	-	-
Retired CEO compensation	-	-	-	-	-	-	-	-	-	810	-	-	(96)
Non-cash tax adjustments	618	654	(182)	(1,272)	15	(87)	76	2	128	(23)	(53)	8,987	210
Equity loss in affiliates	173	141	158	177	183	160	98	538	-	-	-	-	-
GAAP Net Income (Loss)	808	763	186	(4,101)	(6,880)	(5,477)	1,584	(6,319)	(1,173)	(1,709)	266	(12,212)	(2,288)
GAAP EPS	0.01	0.01	0.00	(0.05)	(0.09)	(0.07)	0.02	(0.08)	(0.01)	(0.02)	0.00	(0.15)	(0.03)
# of Shares for basic EPS ('000)	80,114	80,192	80,304	80,575	80,765	81,013	81,278	81,536	82,584	83,424	83,717	83,916	83,959
# of Shares for diluted EPS ('000)	82,334	82,051	81,652	80,575	80,765	81,013	82,000	81,536	82,584	83,424	84,637	83,916	83,959

# Quarterly Revenues and Non-GAAP Net Income (Loss)







**Thank You**

