

A large, stylized red graphic consisting of two curved, overlapping shapes that resemble a stylized 'S' or a pair of wings, positioned in the upper right quadrant of the slide.

*Challenge us  
to take you further*

# Q4 2022 Financial Review

February 2023



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We caution you not to place undue reliance on forward-looking statements, which speak only as of the date hereof. Ceragon does not assume any obligation to update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release unless required by law.

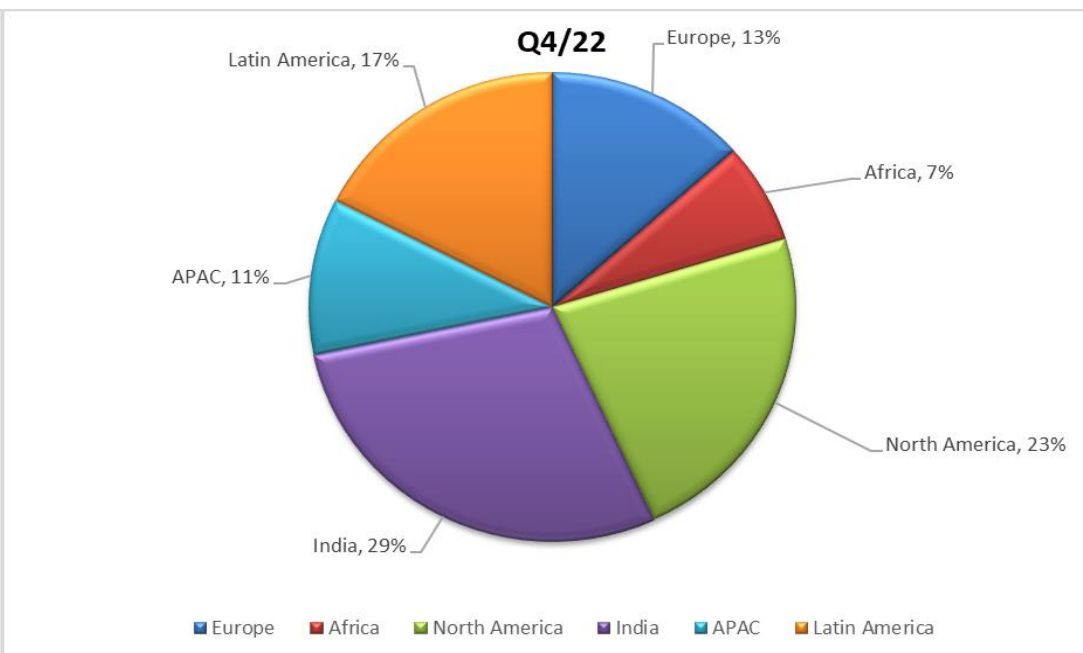
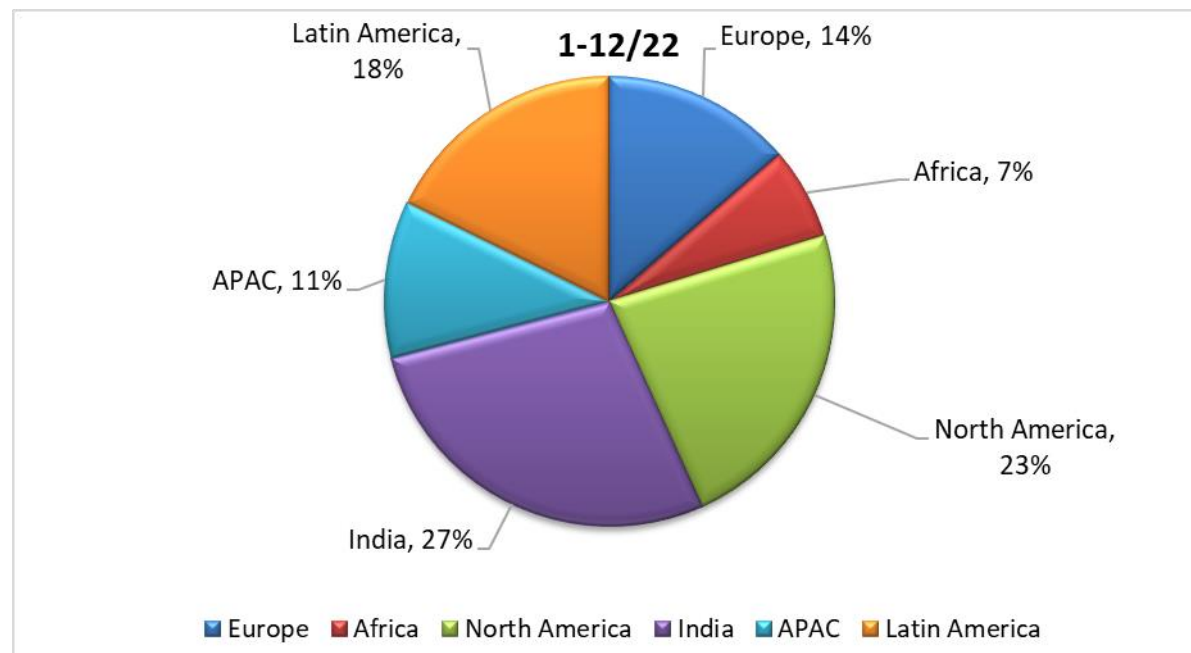
Ceragon's public filings are available on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and may also be obtained from Ceragon's website at [www.ceragon.com](http://www.ceragon.com).

#### **Industry Data.**

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# Revenues- Geographic Split

	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Europe	15%	15%	21%	14%	19%	19%	18%	15%	14%	17%	15%	13%	13%
Africa	7%	6%	4%	14%	10%	9%	8%	6%	9%	8%	6%	5%	7%
North America	13%	13%	15%	14%	16%	17%	19%	14%	16%	19%	21%	27%	23%
India	16%	25%	22%	24%	23%	26%	27%	35%	30%	22%	31%	28%	29%
APAC	18%	21%	19%	20%	14%	14%	11%	9%	10%	14%	11%	10%	11%
Latin America	31%	20%	19%	14%	18%	15%	17%	21%	21%	20%	16%	17%	17%
<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)													
	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Revenues	71,256	55,871	62,427	70,581	74,002	68,270	68,621	76,115	77,760	70,319	70,674	78,649	75,531
Cost of Revenues	48,980	41,833	45,891	46,970	52,631	48,087	47,005	52,509	55,199	50,850	49,142	50,699	50,551
<b>Gross profit</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>21,532</b>	<b>27,950</b>	<b>24,980</b>
<b>Gross margin</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>	<b>30.5%</b>	<b>35.5%</b>	<b>33.1%</b>
Research & Development	7,558	7,201	6,760	7,299	7,694	7,358	7,494	6,640	7,745	6,779	7,493	7,150	7,863
% R&D	10.6%	12.9%	10.8%	10.3%	10.4%	10.8%	10.9%	8.7%	10.0%	9.6%	10.6%	9.1%	10.4%
Selling & Marketing	9,975	8,173	8,032	7,819	8,452	8,186	8,266	8,349	8,681	8,495	9,060	8,280	8,605
% S&M	14.0%	14.6%	12.9%	11.1%	11.4%	12.0%	12.0%	11.0%	11.2%	12.1%	12.8%	10.5%	11.4%
General & Administration	6,836	4,246	4,755	4,754	4,680	3,934	5,247	4,645	4,616	4,803	4,612	6,116	5,357
% G&A	9.6%	7.6%	7.6%	6.7%	6.3%	5.8%	7.6%	6.1%	5.9%	6.8%	6.5%	7.8%	7.1%
Total operating expenses	24,369	19,620	19,547	19,872	20,826	19,478	21,007	19,634	21,042	20,077	21,165	21,546	21,825
<b>Operating profit (loss)</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>367</b>	<b>6,404</b>	<b>3,155</b>
<b>Operating margin</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>	<b>0.5%</b>	<b>8.1%</b>	<b>4.2%</b>
Non-GAAP EBITDA	587	(2,878)	(331)	6,467	3,494	3,591	3,552	6,931	4,977	2,333	3,201	9,047	5,777
Financial expenses and others, net	(2,071)	(758)	(1,354)	(1,238)	(2,527)	(1,237)	(1,367)	(2,273)	(2,691)	(1,184)	(2,531)	(2,011)	(2,858)
Income Tax	(801)	(365)	(487)	(201)	(1,559)	(347)	(420)	(348)	(855)	(61)	(304)	(269)	(534)
<b>Non GAAP Net income</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>	<b>(2,468)</b>	<b>4,124</b>	<b>(237)</b>
Non GAAP EPS	(0.06)	(0.08)	(0.06)	0.03	(0.04)	(0.01)	(0.01)	0.02	(0.02)	(0.02)	(0.03)	0.05	(0.00)
# of Shares for diluted EPS ('000)	80,575	80,765	81,013	82,244	81,536	82,584	83,424	85,271	83,916	83,959	84,019	85,970	84,348

# Selected Cash Flow Data

(U.S. dollars in thousands)													
	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Total cash & cash equivalents	23,939	44,120	35,167	29,155	27,101	33,011	28,670	27,235	17,079	24,960	23,592	25,964	22,948
Cash flow from operations	8,607	3,127	6,666	(3,225)	10,677	(1,654)	(2,958)	(667)	(9,740)	(1,816)	(3,173)	8,597	(8,503)
Capital expenditures	(2,627)	(1,202)	(2,715)	(1,230)	(1,342)	(2,003)	(1,728)	(2,336)	(3,328)	(2,726)	(3,079)	(4,487)	(2,129)
Options Exercise	211	246	308	293	390	3,689	269	730	42	81	32	297	-
Proceeds (repayment) of short-term bank credits and loans, net	(2,800)	18,255	(13,176)	(1,800)	(11,900)	6,000	-	900	2,900	12,150	4,950	(2,000)	7,600
Other	24	(245)	(36)	(50)	121	(122)	76	(62)	(30)	192	(98)	(35)	16
<b>Net Change in Cash</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>	<b>(1,368)</b>	<b>2,372</b>	<b>(3,016)</b>

# Selected Balance Sheet Data

(U.S. dollars in thousands)													
	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Cash and Cash Equivalents	23,939	44,120	35,167	29,155	27,101	33,011	28,670	27,235	17,079	24,960	23,592	25,964	22,948
Trade Receivables	118,531	104,185	97,547	108,394	107,388	106,712	107,404	109,863	118,310	120,682	122,734	115,871	112,324
DSOs	151	140	136	152	149	141	139	140	149	150	152	142	139
Inventory	62,132	59,659	53,593	51,869	50,627	48,542	52,316	53,203	61,398	58,060	60,710	64,227	72,009
Inventory Days	120	117	106	103	99	92	98	97	111	103	107	114	130
Working capital	111,267	102,830	98,206	102,067	99,446	98,954	99,864	101,615	87,799	87,494	82,105	83,335	90,201
Short-term loans	14,600	32,855	19,679	17,879	5,979	11,979	11,000	11,900	14,800	26,950	31,900	29,900	37,500
Shareholders' Equity	160,421	151,414	147,329	149,662	146,126	146,397	146,310	147,663	137,151	135,856	131,973	132,757	132,073
% - Shareholders' Equity/ Total assets	55%	52%	54%	55%	54%	50%	50%	50%	47%	45%	43%	44%	44%
Total Balance Sheet	289,889	292,671	272,097	273,759	272,419	291,098	294,416	295,416	292,563	300,187	304,980	302,336	301,608

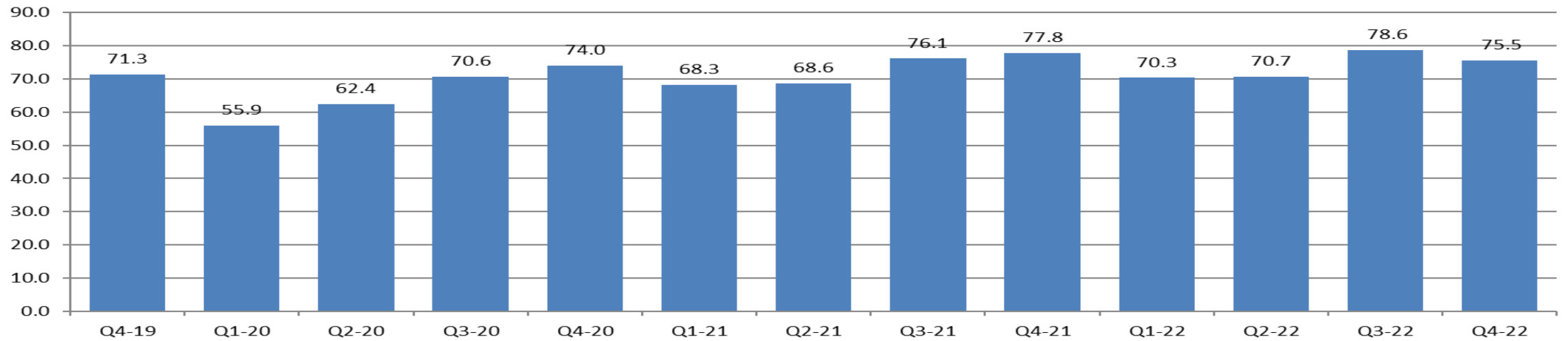


# Reported results – Reconciliation to GAAP

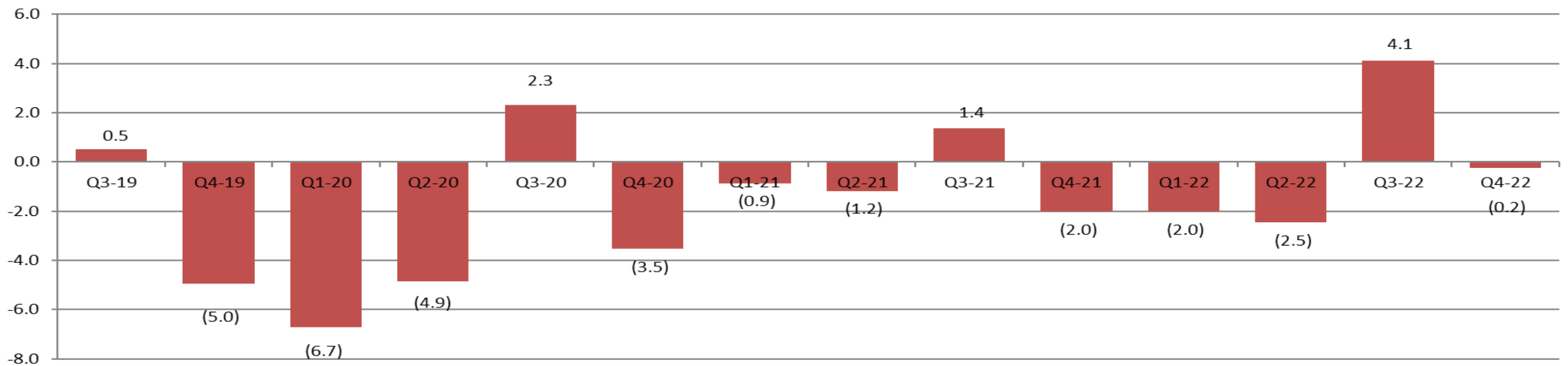
(U.S. dollars in thousands)													
	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22
Non GAAP Net income (loss)	(4,965)	(6,705)	(4,852)	2,300	(3,541)	(879)	(1,178)	1,351	(2,027)	(1,853)	(2,468)	4,124	(237)
Stock based compensation expenses	459	426	441	384	411	351	286	1,034	891	746	689	1,167	958
Amortization of intangible assets	-	-	-	-	1,800	-	-	-	-	-	-	-	-
Changes in indirect tax positions	(361)	1	1	1	(202)	1	2	2	(399)	-	1	1	279
Leases - financial expenses (income)	133	(450)	110	157	229	(186)	435	102	706	(425)	(1,774)	(233)	154
Paycheck protection program	-	-	-	-	-	-	(979)	-	-	-	-	-	-
Retired CEO compensation	-	-	-	-	-	-	810	-	-	(96)	-	-	-
Hostile attempt related costs	-	-	-	-	-	-	-	-	-	-	-	3,971	249
Non-cash tax adjustments	(1,272)	15	(87)	76	2	128	(23)	(53)	8,987	210	136	81	851
Equity loss in affiliates	177	183	160	98	538	-	-	-	-	-	-	-	-
GAAP Net Income (Loss)	(4,101)	(6,880)	(5,477)	1,584	(6,319)	(1,173)	(1,709)	266	(12,212)	(2,288)	(1,520)	(863)	(2,728)
GAAP EPS	(0.05)	(0.09)	(0.07)	0.02	(0.08)	(0.01)	(0.02)	0.00	(0.15)	(0.03)	(0.02)	(0.01)	(0.03)
# of Shares for basic EPS ('000)	80,575	80,765	81,013	81,278	81,536	82,584	83,424	83,717	83,916	83,959	84,019	84,200	84,348
('000)	80,575	80,765	81,013	82,000	81,536	82,584	83,424	84,637	83,916	83,959	84,019	84,200	84,348

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

## Revenues



## Non-GAAP Net Income (loss)







**Thank You**

