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# THE #1 WIRELESS HAULING SPECIALIST POSITIONED TO LEAD IN A GROWING MARKET

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# POSITIONED TO CAPITALIZE ON ACCELERATED, MULTI-YEAR EVOLUTION TO 5G

- + Recognized 5G technology leader with key enabling technologies and products, uniquely suited to the "OpenRAN OpenCORE" approach
- The only vendor to develop in-house chipsets, and is therefore not dependent on external innovation to optimally fit technology to product
- + Products give operators critical time-to-market, flexibility, capacity and cost advantages
- + Positioned to obtain major share of highest-value opportunities and to gain overall market share
- + Now participating in growing number of new selection processes: moving from Design Wins to low-volume POCs towards volume shipments and deployments beginning in late 2021
- + Financial stability enables continuous innovation and design-to-cost investment



# **Q3 REVENUES: BACK TO PRE-COVID LEVELS**

### Strong Q3 performance

- Strong quarter with \$70.6M revenues, 33.4% gross margin and \$0.02 GAAP EPS reflecting focused execution despite
  COVID environment
- Current growth driven by ISP & 4G activities; ongoing progress with major 5G opportunities paves potential for strong mid-to-long-term growth
- Recognition of the critical advantages of our solutions
- Q3 high gross-margin reflects revenues in the normal range and \$1 million in tax relief

#### Quarterly Operating Model



Note: Financial metrics are presented on a non-GAAP basis.



# **CERAGON AT A GLANCE**

**GLOBAL** 

### INNOVATIVE MARKET LEADER 4G & 5G NETWORK ENABLER

Customers who choose based on value of technology select Ceragon



Source: Ceragon estimates based on SkyLight Research. March 2020 \*Others include vendors with less than 2% share

COMPANY			
Significant activity in each region			
🕂 🥞 Claro-			
oRocom eliso 3 ? airtel			
Jio smartfren. OPTUS			
% of revenue ast 12 months BALANCED REVENUE MIX 25			
20			
15			
10			
5			
0 Europe Africa North India APAC Latin America America			

### COMPANY SNAPSHOT

+2,000	TOTAL CUSTOMERS
+1M	SYSTEMS DEPLOYED
+140	COUNTRIES WITH SYSTEMS DEPLOYED
1,000+	EMPLOYEES GLOBALLY
\$0.99-\$2.94	52 WEEK LOW/HIGH <sup>(A)</sup>

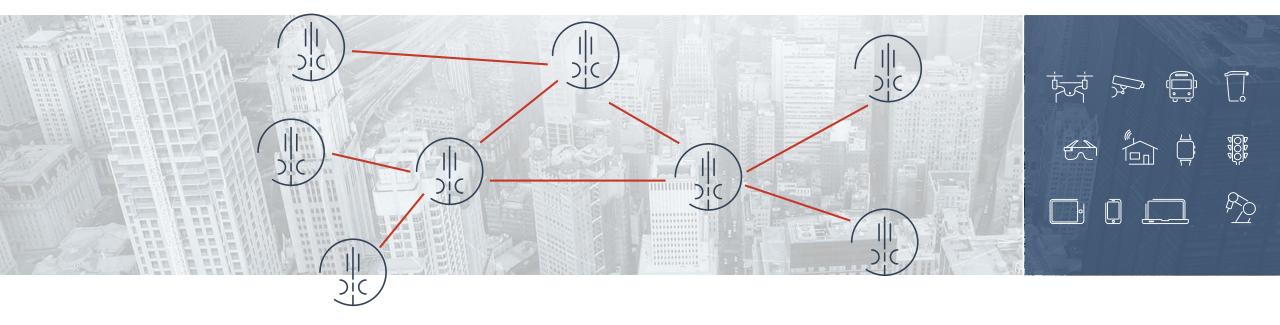
(A) Source: Nasdaq as of 11/13/2020

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## WE DO WIRELESS HAULING

### CRITICAL TECHNOLOGY FOR 4G AND 5G NETWORKS



WIRELESS HAULING - AN ALTERNATIVE TO FIBER DEPLOYMENT

AN ESSENTIAL PART OF ANY NETWORK EVOLUTION FOR FASTER AND MORE COST-EFFECTIVE DEPLOYMENTS

Connects approximately 50% of all cell sites globally (current & forecast)

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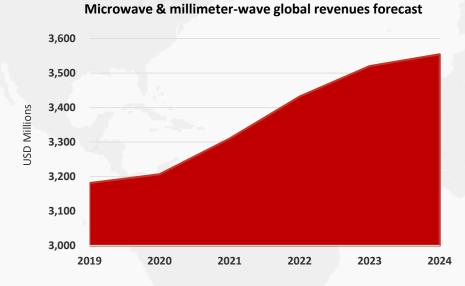


## **INVESTMENT HIGHLIGHTS**

### POSITIONED TO LEAD IN THE GROWING 5G MARKET

5G A GROWING MARKET

Market growth driven by 5G opportunities for service providers



### CERAGON POSITIONED TO LEAD AND TAKE MARKET SHARE

- Leading wireless hauling specialist
- Unique technology
- Anytime-anywhere extensive services
- Global presence
- Financial and business resilience

Source: Dell'Oro – 2020

## **COVID-19 IMPACT:**

### **ACCELERATED NETWORK BUILDING WITHIN UNCERTAIN ENVIRONMENT**

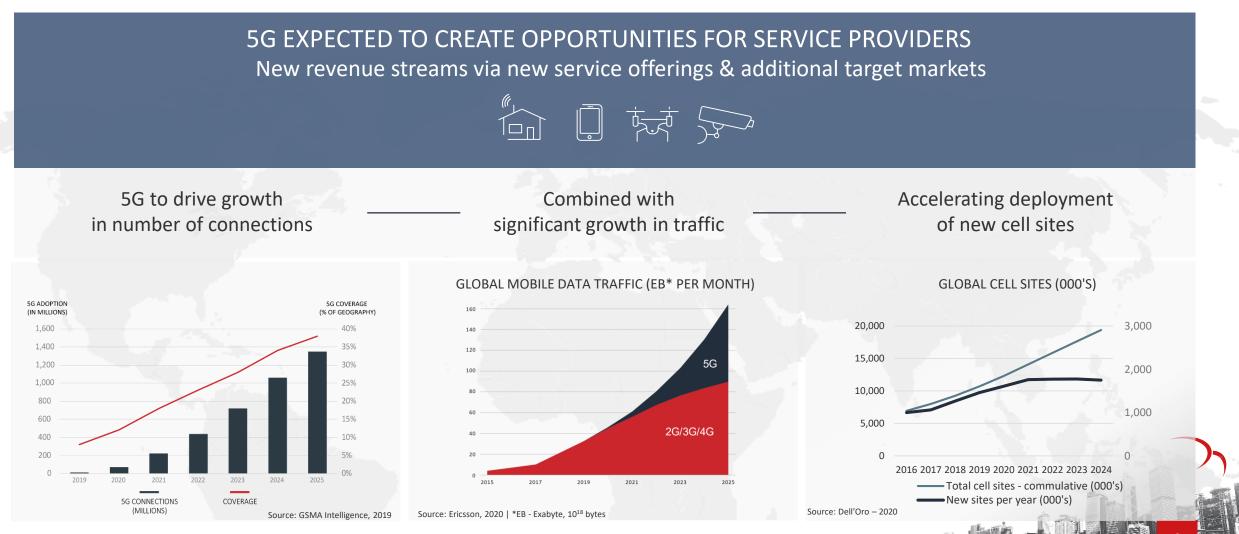
- Surge in 4G and 5G network activities to meet urgent COVID-driven demand for more broadband capacity, speed and coverage
- Increased ISP activities in the US and Europe to fill short-term coverage gaps
- Ceragon is participating in multiple 5G selection processes with disaggregated-architecture products recognized as key enablers of the 5G promise
- Continued uncertainty in many regions: lockdowns and budget freezes in LATAM, slowdowns still impacting supply chain, installations and decision-making processes



CERAG



## **THE GROWING 5G MARKET**

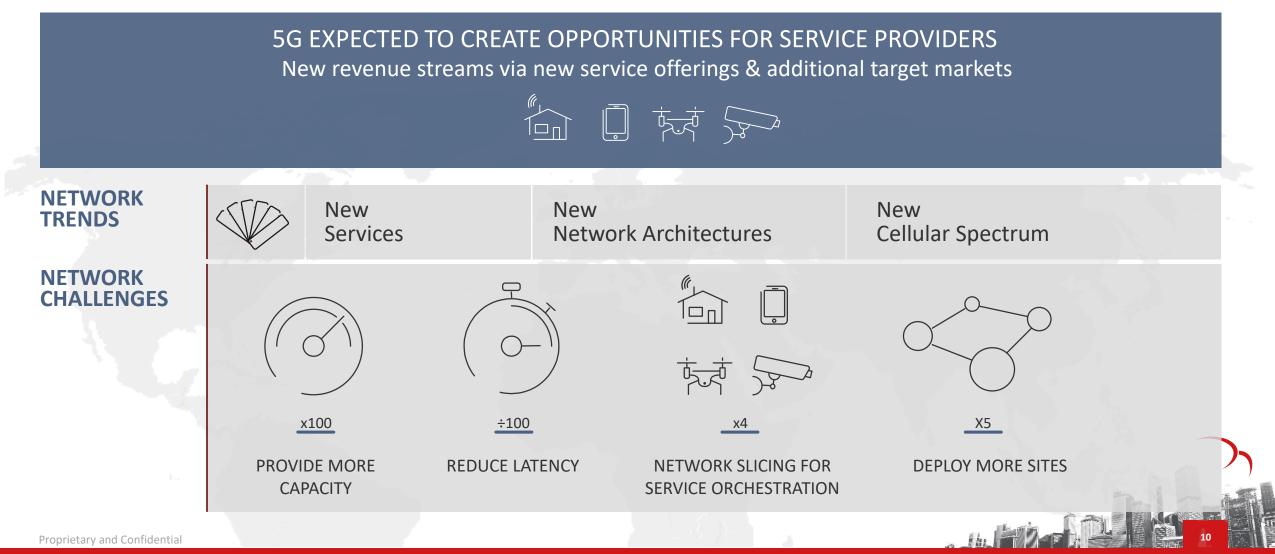


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## **5G OPERATOR OPPORTUNITIES DRIVE MARKET GROWTH...**

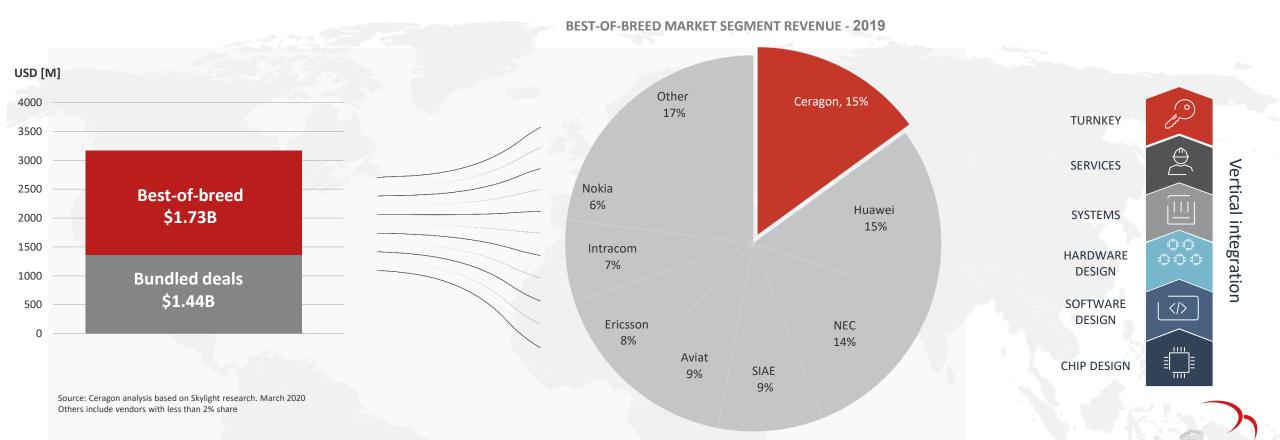
...WHILE CREATING NETWORK CHALLENGES OF A DIFFERENT SCALE THAN 4G



# GROWING 5G NETWORK COMPLEXITY DRIVES OPERATORS TO ADOPT BEST-OF-BREED<sup>\*</sup> VENDOR STRATEGIES

CERAGON

### 'BEST-OF-BREED' LEADERSHIP THROUGH UNIQUE VERTICAL INTEGRATION



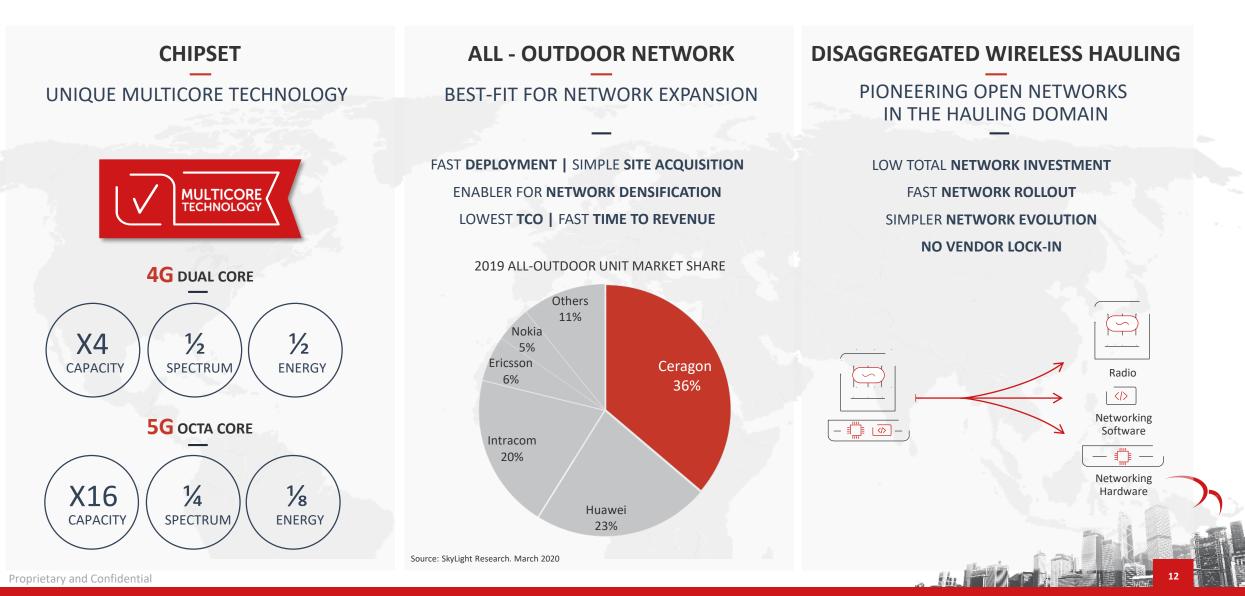
\* Service providers seeking the best wireless hauling solution as primary factor in their vendor selection. Open-RAN as a major driver

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# **BEST-OF-BREED LEADERSHIP DRIVERS**

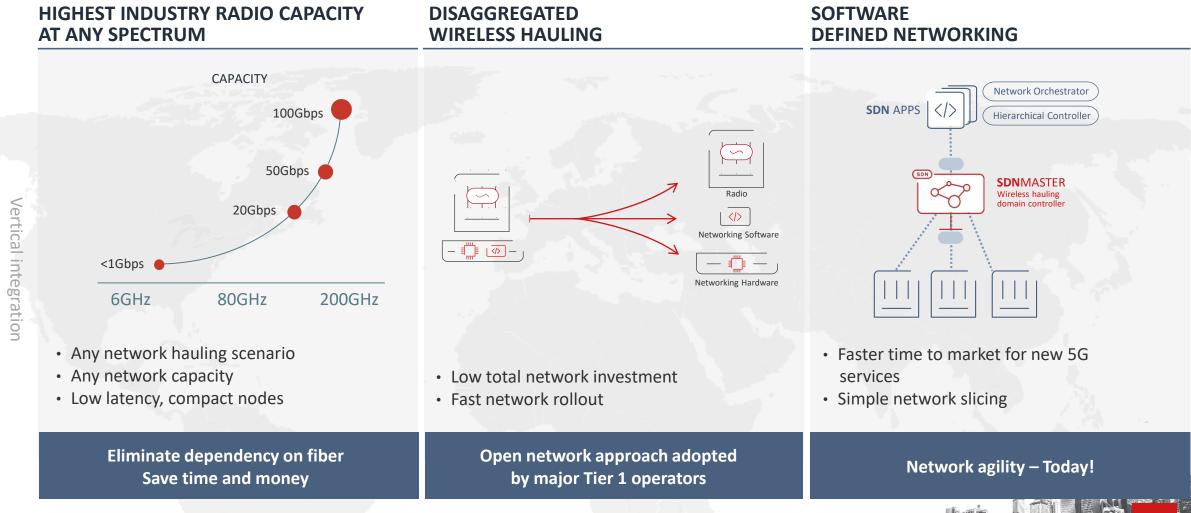
### **BUILT ON VERTICAL INTEGRATION**





## **UNIQUE TECHNOLOGY**

### **BUILT ON VERTICAL INTEGRATION**



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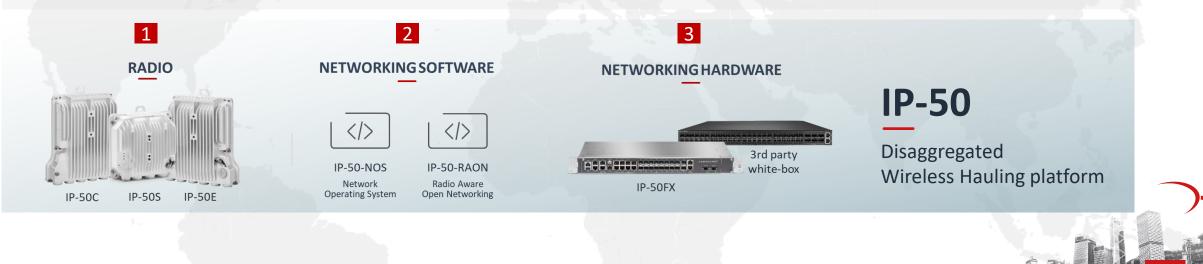
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Ceragon Achieves Recognition by <u>Telecom Infra Project</u> tier 1 operators AS THE **ONLY LEADER** ACROSS ALL 3 TRANSPORT DOMAINS

TELECOM INFRA PROJECT





## **COMPLETE NETWORK LIFECYCLE SUPPORT**

## BUILT ON VERTICAL INTEGRATION

**OPERATE** 



#### **PLAN** CERTIFICATION Network planning & design Network topology optimization TRAINING RAINING DEPLOY LIFE CYCLE æ Network rollout planning + CERTIFICATION **SERVICE SUITE** Network rollout execution TRAINING & CERTIFICATION and support Customer support Preventive maintenance NOC operation Predictive Analysis Infrastructure management & opt

# **SERVING CUSTOMERS WORLDWIDE**

## PRESENT EVERYWHERE TO CAPITALIZE ON 5G

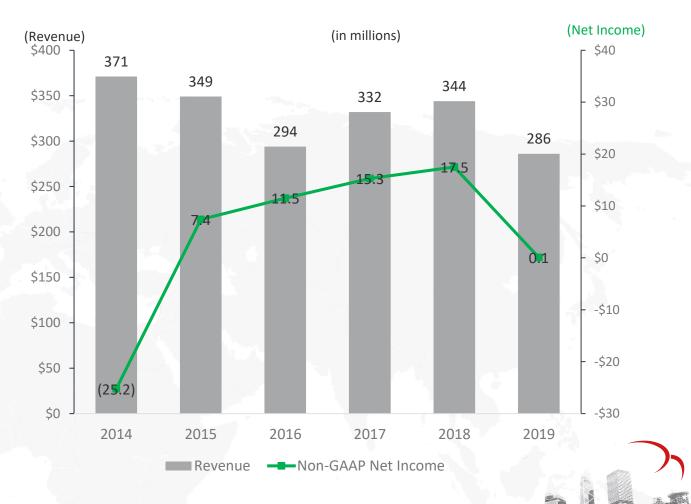






# TRACK RECORD OF EXECUTION

- Consistently profitable from 2015-2018
- 2019 results negatively impacted by lower revenue from India and one-time items
- Focus on maximizing gross profit dollars
- Q1-Q2 2020 revenues and net results were negatively impacted by COVID-19, but returned to more normal levels in Q3
- COVID-19-related uncertainty expected to continue impacting results going forward



Note: Financial metrics are presented on a non-GAAP basis



# **STRONG BALANCE SHEET**

- Positioned to weather challenges
- Continued reductions in inventory and successful collections
- Short-term bank debt: >\$32.1 million unused borrowing capacity
- On July 1, extended credit line from a consortium of banks for another year; raised from \$40 million to \$50 million
- Credit facility to be used as a business tool to accommodate short-term increase in working capital needs

	(U.S. dollars in millions) (Unaudited)
	a/o September 30, 2020
Cash & cash equivalents	29.2
Short-term loans	17.9
Inventory	51.9
AR	108.4
DSOs	152



# **CHARACTERISTICS OF OPERATING MODEL**

### **Good management of controllable elements**

- Deals accepted based on contribution to gross profit dollars
- Tendency toward trade-off between revenue and gross margin
- Stringent control of operating expenses

#### Quarter-to-quarter fluctuations due to nature of business

- Geographic mix of revenues
- Shifts in local regulations and market environment
- Timing of revenue recognition for elements of each project depends on equipment delivery schedules
- Also: currency fluctuations, interest rates, seasonality, order lumpiness, changes in raw material and component costs
- Q3 high gross-margin reflects revenues in the normal range and \$1 million in tax relief

### **Quarterly Operating Model**



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