

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 7, 2019

CAMBIUM NETWORKS CORPORATION

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction
of incorporation)

001-38952
(Commission
File Number)

Not Applicable
(I.R.S. Employer
Identification Number)

**3800 Golf Road, Suite 360
Rolling Meadows, Illinois 60008**
(Address of principal executive offices)

+1 (345) 943-3100
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Ordinary Shares, par value \$0.0001 per share | CMBM | Nasdaq Global Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

- Emerging growth company
- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On November 7, 2019, Cambium Networks Corporation (the “Company”) issued a press release announcing financial results for the three-month period ended September 30, 2019. The press release contains forward-looking statements regarding the Company, and includes cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

The press release dated November 7, 2019 is furnished herewith as Exhibit 99.1. The information in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liability of that Section, nor shall such information be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 2.05 Costs Associated with Exit or Disposal Activities

The Company has initiated a corporate restructuring to better align Cambium’s costs structure with current economic conditions and position the Company to achieve long-term targets and operating growth. The restructuring will only affect personnel, including contract employees, and is expected to be complete by early 2020. The Company will incur between \$0.8 million and \$1.1 million in personnel costs, including salary continuation and other benefits during the fourth quarter of 2019 and the first quarter ended March 31, 2020.

Item 9.01(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Press release dated November 7, 2019 |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAMBIUM NETWORKS CORPORATION

Dated: November 7, 2019

By: /s/ STEPHEN CUMMING
Name: Stephen Cumming
Title: Chief Financial Officer



Cambium Networks Reports Third Quarter 2019 Financial Results

- Revenues of \$65.7 million, up 11% year-over-year
- Wi-Fi revenues increased 132% year-over-year, up 20% sequentially
- Gross margin of 48.4%, non-GAAP gross margin of 48.7%
- Net income of \$2.0 million or \$0.08 per diluted share, non-GAAP net income of \$3.7 million or \$0.15 per diluted share
- Adjusted EBITDA⁽¹⁾ of \$6.8 million or 10.3% of revenues

ROLLING MEADOWS, IL., Nov. 7, 2019 — Cambium Networks Corporation (“Cambium Networks”) (NASDAQ: CMBM), a leading provider of wireless broadband networking infrastructure solutions, today announced financial results for the third quarter ended September 30, 2019.

| (in millions, except percentages) | GAAP | | | Non-GAAP ⁽¹⁾ | | |
|-----------------------------------|---------|---------|---------|-------------------------|---------|---------|
| | Q3 2019 | Q2 2019 | Q3 2018 | Q3 2019 | Q2 2019 | Q3 2018 |
| Revenues | \$ 65.7 | \$ 69.2 | \$ 59.0 | \$ 65.7 | \$ 69.2 | \$ 59.0 |
| Gross margin | 48.4% | 49.6% | 46.6% | 48.7% | 50.1% | 46.8% |
| Operating margin | 6.3% | (13.6)% | (1.8)% | 8.8% | 10.3% | 0.4% |
| Adjusted EBITDA margin | | | | 10.3% | 11.8% | 2.5% |

Refer to Supplemental Financial Information accompanying this press release for a reconciliation of GAAP to non-GAAP numbers and for reconciliation of adjusted EBITDA for the third quarter of 2019.

“We are pleased that our profitability remained strong as a result of improved operating efficiencies and tighter cost controls,” said Atul Bhatnagar, president and CEO. “Our revenues grew 11% year-over-year during the third quarter, our twenty-second consecutive quarter of year-over-year growth, although slower than anticipated, as a result of softer government spending for our Point-to-Point products.”

Bhatnagar continued, “Cambium Networks continues to broaden our technology portfolio and remains well positioned for growth as a leader in fixed wireless broadband infrastructure and cloud powered enterprise Wi-Fi solutions. We will continue to capitalize on the strength of our technologies, while focusing on improving profitability through cost reduction initiatives and disciplined discretionary spending.”

Revenues of \$65.7 million for the third quarter 2019 increased \$6.7 million year-over-year, as a result of growth in both Point-to-Multi-Point and Wi-Fi businesses. Revenues for the third quarter 2019 decreased \$3.4 million compared to \$69.2 million for the second quarter 2019, driven by slower government spending partially offset by growth in enterprise Wi-Fi solutions. GAAP gross margin for the third quarter 2019 was 48.4%, compared to 46.6% for the third quarter 2018, and 49.6% for the second quarter 2019. GAAP

operating income for the third quarter 2019 was \$4.1 million, compared to operating loss of \$1.1 million during the third quarter 2018, and GAAP operating loss for the second quarter 2019 of \$9.4 million, which included a \$16.1 million charge for share-based compensation expense. GAAP net income for the third quarter 2019 was \$2.0 million, or net income of \$0.08 per diluted share, compared to a net loss of \$2.6 million, or a net loss of \$0.19 per diluted share for the third quarter 2018, and a net loss of \$20.4 million, or a net loss of \$1.47 per diluted share for the second quarter 2019.

Non-GAAP gross margin for the third quarter 2019 was 48.7%, compared to 46.8% for the third quarter 2018, and 50.1% for the second quarter 2019. Non-GAAP operating income for the third quarter 2019 was \$5.8 million, compared to \$0.2 million for the third quarter 2018, and \$7.1 million for the second quarter 2019. Non-GAAP net income for the third quarter 2019 was \$3.7 million, or \$0.15 per diluted share, compared to non-GAAP net loss of \$1.5 million, or a net loss of \$0.11 per diluted share for the third quarter 2018, and non-GAAP net income of \$3.9 million, or \$0.15 per diluted share, for the second quarter 2019.

For the third quarter 2019, adjusted EBITDA was \$6.8 million or 10.3% of revenues, compared to adjusted EBITDA of \$1.5 million or 2.5% of revenues for the third quarter 2018, and \$8.1 million, or 11.8% of revenues for the second quarter 2019.

Cash used in operating activities was \$11.8 million for the third quarter 2019, due primarily to the timing of payments related to the Initial Public Offering (IPO), and compared to cash provided by operating activities of \$3.2 million for the third quarter 2018, and \$6.0 million for the second quarter 2019. Cash totaled \$19.0 million as of September 30, 2019, \$14.8 million higher than the third quarter 2018, and a decrease of \$52.3 million from the second quarter 2019. The decrease in cash balance for the third quarter 2019 from the second quarter 2019 was primarily the result of a \$33.2 million paydown of long-term and revolving debt, payments of approximately \$6.0 million for offering expenses and D&O insurance, a \$5.6 million past management fee, a \$5.0 million increase in inventories, and a \$2.0 million payment to acquire the Xirrus Wi-Fi business.

Third Quarter 2019 Highlights

- Revenues of \$65.7 million increased 11% year-over-year.
 - GAAP gross margin of 48.4%, up 180 basis points from 46.6% for the third quarter 2018, and down 120 basis points compared to 49.6% for the second quarter 2019.
 - Non-GAAP gross margin of 48.7%, up 190 basis points from 46.8% for the third quarter 2018, and down 140 basis points compared to 50.1% for the second quarter 2019.
 - GAAP net income of \$2.0 million or \$0.08 per diluted share, non-GAAP net income \$3.7 million or \$0.15 per diluted share.
 - Adjusted EBITDA of \$6.8 million or 10.3% of revenues, compared to \$1.5 million or 2.5% of revenues for the third quarter 2018, and \$8.1 million or 11.8% of revenues for the second quarter 2019.
 - Increased new channel partners by over 1,450 year-over-year, an increase of 29%.
-

- Announced new cloud managed cnPilot indoor and outdoor Wi-Fi solutions (cnPilot e505, cnPilot e510 and cnPilot e425H).
- Announced Citizens Broadband Radio Service (CBRS) wireless broadband connectivity solution on the PMP 450 product line. Demonstrated CBRS capabilities with Initial Commercial Deployment (ICD) with four network operators, utilizing both Federated Wireless and Google for spectrum access system (SAS) services in September 2019.
- Inaugural inclusion in both the 2019 Gartner Magic Quadrant for the Wired and Wireless LAN Access Infrastructure and the 2019 Forrester New Wave report for wireless solutions.
- Awarded manufacturer of the year for 2019 as voted by the members of the North America Wireless Internet Service Providers Association (WISPA).

Fourth Quarter 2019 Financial Outlook

Taking into account the company's current visibility, and incorporating the acquisition of Xirrus (excluding any one-time charges affecting the acquisition), the financial outlook as of November 7, 2019 for the fourth quarter ending December 31, 2019 is expected to be as follows:

- GAAP revenues between \$63.0-\$66.0 million
- GAAP gross margin between 48.0%-49.4%; and non-GAAP gross margin between 48.2%-49.5%
- GAAP operating income between \$1.2-\$2.4 million; and non-GAAP operating income between \$2.4-\$3.6 million
- GAAP (net loss)/net income between (\$1.0)-\$0.0 million or between (\$0.04) and \$0.00 per diluted share; and non-GAAP net income between \$0.8-\$1.7 million or between \$0.03 and \$0.07 per diluted share
- Adjusted EBITDA between \$3.4-\$4.5 million; and adjusted EBITDA margin between 5.3%-6.9%
- GAAP taxes between 19.0%-21.0%; and a non-GAAP effective tax rate of approximately 17.0%-19.0%
- Approximately 25.6 million weighted average diluted shares outstanding

Cash requirements are expected to be as follows:

- Paydown of debt: \$2.4 million
- Interest expense: approximately \$1.4 million
- Capital expenditures: \$1.0-\$1.1 million

Cambium Networks financial outlook does not include the potential impact of any possible future financial transactions, pending legal matters, or other transactions. Accordingly, Cambium Networks only includes such items in the company's financial outlook to the extent they are reasonably certain; however, actual results may differ materially from the outlook.

Conference Call and Webcast

Cambium Networks will host a live webcast and conference call to discuss its financial results at 4:30 p.m. ET today, November 7, 2019. To access the live conference call by phone, listeners should dial +1-877-288-4394 in the U.S. or Canada and +1-470-495-9483 for international callers. To join the live webcast and view additional materials, listeners should access the investor page of Cambium Networks website at <https://investors.cambiumnetworks.com/>. Following the live webcast, a replay will be available on the investor page of Cambium Networks website for a period of one year. A replay of the conference call will be available for 48 hours soon after the call by phone by dialing +1-855-859-2056 in the U.S. or Canada and +1-404-537-3406 for international callers, using the conference access code: 5478019.

In addition, on Tuesday November 12, 2019 at 3:40 p.m. ET, Cambium Networks president and CEO, Atul Bhatnagar, will present at the Needham Security, Networking and Communications Conference in New York. To join the live webcast, listeners should access the investor page of Cambium Networks website <https://investors.cambiumnetworks.com/>. Following the live webcast, a replay will be available in the event archives at the same web address.

About Cambium Networks

Cambium Networks is a leading provider of wireless broadband networking infrastructure solutions for network operators, including medium-sized wireless Internet service providers, enterprises and government agencies. Cambium's scalable, reliable and high-performance solutions create a purpose-built wireless fabric which connects people, places and things across distances ranging from two meters to more than 100 kilometers, indoors and outdoors, using licensed and unlicensed spectrum, at attractive economics. Headquartered outside Chicago and with R&D centers in the U.S., U.K. and India, Cambium Networks sells through a range of trusted global distributors.

Cautionary Note Regarding Forward-Looking Statements

This release contains certain forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact contained in this document, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "may," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements in this document are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking

statements speak only as of the date of this document and are subject to a number of risks, uncertainties and assumptions including those described in the “Risk factors” section of our registration statement on Form S-1 filed with the Securities and Exchange Commission. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include: the unpredictability of our operating results; our inability to predict and respond to emerging technological trends and network operators’ changing needs; our reliance on third-party manufacturers, which subjects us to risks of product delivery delays and reduced control over product costs and quality; our reliance on distributors and value-added resellers for the substantial majority of our sales; the inability of our third-party logistics and warehousing providers to deliver products to our channel partners and network operators in a timely manner; the quality of our support and services offerings; our expectations regarding outstanding litigation; our or our distributors’ and channel partners’ inability to attract new network operators or sell additional products to network operators that currently use our products; the difficulty of comparing or forecasting our financial results on a quarter-by-quarter basis due to the seasonality of our business; our limited or sole source suppliers’ inability to produce third-party components to build our products; the technological complexity of our products, which may contain undetected hardware defects or software bugs; our channel partners’ inability to effectively manage inventory of our products, timely resell our products or estimate expected future demand; credit risk of our channel partners, which could adversely affect their ability to purchase or pay for our products; our inability to manage our growth and expand our operations; unpredictability of sales and revenues due to lengthy sales cycles; our inability to maintain an effective system of internal controls, remediate our material weakness, produce timely and accurate financial statements or comply with applicable regulations; our reliance on the availability of third-party licenses; risks associated with international sales and operations; current or future unfavorable economic conditions, both domestically and in foreign markets; and our inability to obtain intellectual property protections for our products.

Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

CAMBIUM NETWORKS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATION
(In thousands, except share and per share amounts)
(Unaudited)

| | Three Months Ended | | |
|---|---------------------------|----------------------|---------------------------|
| | <u>September 30, 2019</u> | <u>June 30, 2019</u> | <u>September 30, 2018</u> |
| Revenues | \$ 65,703 | \$ 69,151 | \$ 58,981 |
| Cost of revenues | 33,871 | 34,839 | 31,469 |
| Gross profit | 31,832 | 34,312 | 27,512 |
| <i>Gross margin</i> | 48.4% | 49.6% | 46.6% |
| Operating expenses | | | |
| Research and development | 9,895 | 15,189 | 9,810 |
| Sales and marketing | 10,363 | 14,227 | 10,805 |
| General and administrative | 5,996 | 13,063 | 5,520 |
| Depreciation and amortization | 1,449 | 1,227 | 2,448 |
| Total operating expenses | 27,703 | 43,706 | 28,583 |
| Operating income (loss) | 4,129 | (9,394) | (1,071) |
| <i>Operating margin</i> | 6.3% | (13.6)% | (1.8)% |
| Interest expense | 2,105 | 2,301 | 2,033 |
| Other expense | 61 | 56 | 116 |
| Income (loss) before income taxes | 1,963 | (11,751) | (3,220) |
| Provision (benefit) for income taxes | 3 | 8,623 | (665) |
| Net income (loss) | \$ 1,960 | \$ (20,374) | \$ (2,555) |
| Earnings (loss) per share | | | |
| Basic and diluted | \$ 0.08 | \$ (1.47) | \$ (0.19) |
| Weighted-average number of shares outstanding to compute net earnings (loss) per share | | | |
| Basic and diluted | 25,634,417 | 13,865,111 | 13,600,411 |
| Share-based compensation included in costs and expenses: | | | |
| Cost of revenues | \$ 14 | \$ 182 | \$ — |
| Research and development | 199 | 4,863 | — |
| Sales and marketing | 374 | 3,607 | — |
| General and administrative | 241 | 7,426 | — |
| Total share-based compensation expense | \$ 828 | \$ 16,078 | \$ — |

CAMBIUM NETWORKS CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands)

| | <u>September 30, 2019</u> | <u>December 31, 2018</u> |
|--|---------------------------|--------------------------|
| | (Unaudited) | |
| ASSETS | | |
| Current assets | | |
| Cash | \$ 18,950 | \$ 4,441 |
| Accounts receivable, net of allowance | 59,824 | 60,389 |
| Inventories, net | 41,933 | 30,710 |
| Recoverable income taxes | 527 | 679 |
| Prepaid expenses | 6,301 | 3,465 |
| Other current assets | 4,516 | 5,889 |
| Total current assets | <u>132,051</u> | <u>105,573</u> |
| Noncurrent assets | | |
| Property and equipment, net | 8,257 | 7,965 |
| Software, net | 4,084 | 3,944 |
| Operating lease assets | 6,957 | — |
| Intangible assets, net | 15,693 | 8,493 |
| Goodwill | 8,963 | 8,060 |
| Deferred tax assets, net | 496 | 8,022 |
| TOTAL ASSETS | <u>\$ 176,501</u> | <u>\$ 142,057</u> |
| LIABILITIES AND EQUITY (DEFICIT) | | |
| Current liabilities | | |
| Accounts payable | \$ 20,894 | \$ 23,710 |
| Accrued liabilities | 20,425 | 18,263 |
| Employee compensation | 4,961 | 4,377 |
| Current portion of long-term external debt | 9,329 | 8,836 |
| Payable to Sponsor | — | 5,582 |
| Deferred revenues | 7,557 | 2,770 |
| Other current liabilities | 5,870 | 2,761 |
| Total current liabilities | <u>69,036</u> | <u>66,299</u> |
| Noncurrent liabilities | | |
| Long-term external debt | 56,522 | 94,183 |
| Deferred revenues | 5,184 | 1,541 |
| Noncurrent operating lease liabilities | 5,544 | — |
| Other noncurrent liabilities | — | 605 |
| Total liabilities | <u>136,286</u> | <u>162,628</u> |
| Shareholders' equity (deficit) | | |
| Share capital; \$0.0001 par value; 500,000,000 shares authorized at December 31, 2018 and September 30, 2019; 77,179 shares issued and outstanding at December 31, 2018 and 25,725,542 issued and 25,634,417 outstanding at September 30, 2019 | 3 | — |
| Additional paid in capital | 103,992 | 772 |
| Capital contribution | — | 24,651 |
| Treasury shares, at cost, 0 shares at December 31, 2018 and 91,125 shares at September 30, 2019 | (1,094) | — |
| Accumulated deficit | (62,325) | (45,773) |
| Accumulated other comprehensive loss | (361) | (221) |
| Total shareholders' equity (deficit) | <u>40,215</u> | <u>(20,571)</u> |
| TOTAL LIABILITIES AND EQUITY (DEFICIT) | <u>\$ 176,501</u> | <u>\$ 142,057</u> |

CAMBIUM NETWORKS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

| | Three Months Ended | | |
|--|---------------------------|----------------------|---------------------------|
| | <u>September 30, 2019</u> | <u>June 30, 2019</u> | <u>September 30, 2018</u> |
| Cash flows from operating activities: | | | |
| Net income (loss) | \$ 1,960 | \$ (20,374) | \$ (2,555) |
| Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities: | | | |
| Depreciation and amortization | 1,568 | 1,393 | 2,529 |
| Amortization of debt issuance costs | 663 | 177 | 142 |
| Share-based compensation | 828 | 16,078 | — |
| Deferred income taxes | (9) | 7,198 | (1,106) |
| Other | (31) | (429) | 265 |
| Change in assets and liabilities: | | | |
| Receivables | 2,423 | 1,717 | (1,343) |
| Inventories | (1,977) | (4,034) | (3,996) |
| Accounts payable | (6,223) | 2,736 | 4,776 |
| Accrued employee compensation | (1,394) | 346 | 902 |
| Other assets and liabilities | (9,609) | 1,146 | 3,546 |
| Net cash (used in) provided by operating activities | <u>(11,801)</u> | <u>5,954</u> | <u>3,160</u> |
| Cash flows from investing activities: | | | |
| Purchase of property and equipment | (828) | (579) | (1,343) |
| Purchase of software | (157) | (332) | (467) |
| Cash paid for acquisition | (2,000) | — | — |
| Net cash used in investing activities | <u>(2,985)</u> | <u>(911)</u> | <u>(1,810)</u> |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of term loan | — | — | — |
| Proceeds from issuance of revolver debt | — | — | — |
| Repayment of term loan | (23,087) | (2,375) | (1,125) |
| Repayment of revolver debt | (10,000) | — | — |
| Payment of debt issuance costs | (128) | (208) | — |
| Proceeds from initial public offering, net of underwriters' commission and fees and payment of deferred offering costs | (3,428) | 64,981 | — |
| Taxes paid related to net share settlement of equity awards | (802) | — | — |
| Net cash (used in) provided by financing activities | <u>(37,445)</u> | <u>62,398</u> | <u>(1,125)</u> |
| Effect of exchange rate on cash | (65) | 4 | (2) |
| Net (decrease) increase in cash | (52,296) | 67,445 | 223 |
| Cash, beginning of period | 71,246 | 3,801 | 3,932 |
| Cash, end of period | <u>\$ 18,950</u> | <u>\$ 71,246</u> | <u>\$ 4,155</u> |
| Supplemental disclosure of cash flow information: | | | |
| Income taxes paid | \$ 1,076 | \$ 155 | \$ 293 |
| Interest paid | \$ 1,371 | \$ 1,949 | \$ 1,778 |
| Significant non-cash activities: | | | |
| Issuance of shares for unreturned capital and accumulated yield | \$ — | \$ 49,252 | \$ — |
| Deferred offering costs included in accrued liabilities | \$ 179 | \$ 3,246 | \$ — |

CAMBIUM NETWORKS CORPORATION
SUPPLEMENTAL FINANCIAL INFORMATION
(In thousands)
(Unaudited)

REVENUES BY PRODUCT TYPE

| | Three Months Ended | | |
|-----------------------|--------------------|------------------|--------------------|
| | September 30, 2019 | June 30, 2019 | September 30, 2018 |
| Point-to-Multi-Point | \$ 38,856 | \$ 41,730 | \$ 33,024 |
| Point-to-Point | 15,976 | 17,830 | 20,566 |
| Wi-Fi | 10,141 | 8,430 | 4,370 |
| Other | 730 | 1,161 | 1,021 |
| Total Revenues | \$ 65,703 | \$ 69,151 | \$ 58,981 |

REVENUES BY REGION

| | Three Months Ended | | |
|--------------------------------|--------------------|------------------|--------------------|
| | September 30, 2019 | June 30, 2019 | September 30, 2018 |
| North America | \$ 29,032 | \$ 30,056 | \$ 29,104 |
| Europe, Middle East and Africa | 21,749 | 22,994 | 17,082 |
| Caribbean and Latin America | 8,008 | 8,420 | 6,624 |
| Asia Pacific | 6,914 | 7,681 | 6,171 |
| Total Revenues | \$ 65,703 | \$ 69,151 | \$ 58,981 |

Use of non-GAAP (Adjusted) Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States (GAAP), we provide additional financial metrics that are not prepared in accordance with GAAP (non-GAAP), including Adjusted EBITDA, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income and non-GAAP operating margin, non-GAAP pre-tax income, non-GAAP provision for income taxes, non-GAAP net income, and non-GAAP fully weighted basic and diluted shares. Management uses these non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes, to measure executive compensation and to evaluate our financial performance. We believe that these non-GAAP financial measures help us to identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude in the calculations of the non-GAAP financial measures.

Accordingly, we believe that these financial measures reflect our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business and provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects. Excluding these non-GAAP measures eliminate the variability caused by share-based compensation as a result of the variety of equity awards used by other companies and the varying methodologies and assumptions used, the variability caused by purchase accounting and provide a more relevant measure of operating performance. Although the calculation of non-GAAP financial measures may vary from company to company, our detailed presentation may facilitate analysis and comparison of our operating results by management and investors with other peer companies,

many of which use similar non-GAAP financial measures to supplement their GAAP results in their public disclosures. These non-GAAP financial measures are discussed below.

Adjusted EBITDA is defined as net income as reported in our consolidated statements of income excluding the impact of (i) interest expense (income), net; (ii) income tax provision (benefit); (iii) depreciation and amortization expense; (iv) Sponsor fees associated with advisory services, and (v) share-based compensation expense. EBITDA is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense). We adjust EBITDA to also exclude Sponsor fees, in order to eliminate the impact on reported performance caused by these fees, which are related to our past ownership structure. We adjust EBITDA for share-based compensation expense which is a non-cash expense that varies in amount from period to period and is dependent on market forces that are often beyond Cambium Networks control. As a result, management excludes this item from Cambium Networks internal operating forecasts and models.

Non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income and non-GAAP operating margin, and non-GAAP net income are used as a supplement to our unaudited consolidated financial statements presented in accordance with GAAP. We believe these non-GAAP measures are the most meaningful for period to period comparisons because they exclude the impact of share-based compensation expense, amortization of acquired intangibles, and amortization of capitalized software costs as we do not consider these costs and expenses to be indicative of our ongoing operations.

- Share-based compensation expense and associated employment taxes paid. Management may issue different types of awards, including share options, restricted share awards and restricted share units, as well as awards with performance or other market characteristics, and excludes the associated expense in this non-GAAP measure. Share-based compensation expense is a non-cash expense that varies in amount from period to period and is dependent on market forces that are often beyond Cambium Networks control while the associated employment taxes are cash-based expenses that vary in amount from period-to-period and are dependent on market forces as well as jurisdictional tax regulations that are often beyond Cambium Networks control. In addition, in the three-month period ended June 30, 2019, Cambium Networks incurred a one-time share-based compensation expense of \$16.1 million in connection with (i) the recognition of deferred share-based compensation expense and (ii) the issuance of 2,172,000 share options, each upon the completion of our initial public offering as well as employment taxes paid by Cambium Networks in conjunction with the settlement of deferred share-based compensation into ordinary shares.
-

- Amortization of acquired intangibles includes customer relationships, unpatented technology, patents, software, and trademarks.
- Amortization of capitalized software costs include capitalized research and development activities amortized over their useful life and included in cost of revenues.
- Debt amortization costs associated with the extinguishment of long-term debt. Cambium Networks excludes these expenses from non-GAAP income since they result from an event that is outside the ordinary course of continuing operations.
- Acquisition and integration costs consist of legal and professional fees relations to the acquisition of Xirrus. Cambium Networks excludes these expenses since they result from an event that is outside the ordinary course of continuing operations.
- One-time charges associated with the completion of an acquisition including items such as contract termination costs, severance and other acquisition-related restructuring costs; costs incurred in connection with integration activities; and legal and accounting costs. Cambium Networks excludes these expenses since they result from an event that is outside the ordinary course of continuing operations.
- Restructuring expenses primarily consist of severance costs for employees which are not related to future operating expenses. Cambium Networks excludes these expenses since they result from an event that is outside the ordinary course of continuing operations. Excluding these charges permits more accurate comparisons of Cambium Networks ongoing business results.

Our non-GAAP tax adjustments include the tax impacts from share-based compensation expense including excess or decremental tax benefits available to the company that are recorded when incurred, one-time and ongoing impacts from the company's valuation allowance recognized in the quarter ended June 30, 2019, and one-time tax impacts from share-based compensation expense incurred upon the completion of our initial public offering as noted above. Cambium Networks excludes these amounts to more closely approximate the company's ongoing effective tax rate (ETR) after adjusting for one-time or unique reoccurring items. The associated non-GAAP effective tax rate is also applied to the gross amount of non-GAAP adjustments for purposes of calculating non-GAAP net income in total and on a per-share basis. This approach is designed to enhance the ability of investors to understand the company's tax expense on its current operations, provide improved modeling accuracy, and substantially reduce fluctuations caused by GAAP adjustments which may not reflect actual cash tax expense.

Non-GAAP fully weighted basic and diluted shares are shown as outstanding during the entire period presented and include dilutive shares, if their effect to earnings per share is dilutive. We also use non-GAAP fully weighted basic and diluted shares to provide more comparable per-share results across periods.

These non-GAAP financial measures do not replace the presentation of our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP. There are limitations in the use of non-GAAP measures, because they do not include all the

expenses that must be included under GAAP and because they involve the exercise of judgment concerning exclusions of items from the comparable non-GAAP financial measure. In addition, other companies may use other measures to evaluate their performance, or may calculate non-GAAP measures differently, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We present a “Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures” in the tables below.

The following table reconciles net income (loss) to Adjusted EBITDA, the most directly comparable financial measure, calculated and presented in accordance with GAAP (in thousands):

CAMBIUM NETWORKS CORPORATION
SUPPLEMENTAL SCHEDULE OF NON-GAAP ADJUSTED EBITDA

(In thousands)
(Unaudited)

| | Three Months Ended | | |
|--------------------------------------|--------------------|-----------------|--------------------|
| | September 30, 2019 | June 30, 2019 | September 30, 2018 |
| Net income (loss) | \$ 1,960 | \$ (20,374) | \$ (2,555) |
| Interest expense, net | 2,105 | 2,301 | 2,033 |
| Provision (benefit) for income taxes | 3 | 8,623 | (665) |
| Depreciation and amortization | 1,568 | 1,393 | 2,528 |
| EBITDA | 5,636 | (8,057) | 1,341 |
| Share-based compensation | 966 | 16,078 | — |
| Sponsor management fee | — | 125 | 125 |
| Xirrus one-time acquisition charges | 168 | — | — |
| Adjusted EBITDA | <u>\$ 6,770</u> | <u>\$ 8,146</u> | <u>\$ 1,466</u> |
| Adjusted EBITDA Margin | 10.3% | 11.8% | 2.5% |

The following table reconciles all other GAAP to non-GAAP financial measures (in thousands):

CAMBIUM NETWORKS CORPORATION
RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data)
(unaudited)

| | Three Months Ended | | |
|---|--------------------|------------------|--------------------|
| | September 30, 2019 | June 30, 2019 | September 30, 2018 |
| GAAP gross profit | \$ 31,832 | \$ 34,312 | \$ 27,512 |
| Share-based compensation expense | 14 | 182 | — |
| Amortization of capitalized software costs | 119 | 166 | 80 |
| Non-GAAP gross profit | <u>\$ 31,965</u> | <u>\$ 34,660</u> | <u>\$ 27,592</u> |
| Non-GAAP gross margin | 48.7% | 50.1% | 46.8% |
| GAAP research and development expense | \$ 9,895 | \$ 15,189 | \$ 9,810 |
| Share-based compensation expense | 337 | 4,863 | — |
| Non-GAAP research and development expense | <u>\$ 9,558</u> | <u>\$ 10,326</u> | <u>\$ 9,810</u> |
| GAAP sales and marketing expense | \$ 10,363 | \$ 14,227 | \$ 10,805 |
| Share-based compensation expense | 374 | 3,607 | — |
| Non-GAAP sales and marketing expense | <u>\$ 9,989</u> | <u>\$ 10,620</u> | <u>\$ 10,805</u> |
| GAAP general and administrative expense | \$ 5,996 | \$ 13,063 | \$ 5,520 |
| Share-based compensation expense | 241 | 7,426 | — |
| Xirrus one-time acquisition charges | 168 | — | — |
| Non-GAAP general and administrative expense | <u>\$ 5,587</u> | <u>\$ 5,637</u> | <u>\$ 5,520</u> |
| GAAP depreciation and amortization | \$ 1,449 | \$ 1,227 | \$ 2,448 |
| Amortization of acquired intangibles | 424 | 293 | 1,201 |
| Non-GAAP depreciation and amortization | <u>\$ 1,025</u> | <u>\$ 934</u> | <u>\$ 1,247</u> |
| GAAP operating income (loss) | \$ 4,129 | \$ (9,394) | \$ (1,071) |
| Share-based compensation expense | 966 | 16,078 | — |
| Amortization of capitalized software costs | 119 | 166 | 80 |
| Amortization of acquired intangibles | 424 | 293 | 1,201 |
| Xirrus one-time acquisition charges | 168 | — | — |
| Non-GAAP operating income | <u>\$ 5,806</u> | <u>\$ 7,143</u> | <u>\$ 210</u> |
| GAAP pre-tax income (loss) | \$ 1,963 | \$ (11,751) | \$ (3,220) |
| Share-based compensation expense | 966 | 16,078 | — |
| Amortization of capitalized software costs | 119 | 166 | 80 |
| Amortization of acquired intangibles | 424 | 293 | 1,201 |
| Xirrus one-time acquisition charges | 168 | — | — |
| Write-down of debt issuance costs upon prepayment of debt | 527 | — | — |
| Non-GAAP pre-tax income (loss) | <u>\$ 4,167</u> | <u>\$ 4,786</u> | <u>\$ (1,939)</u> |
| GAAP provision for income taxes | \$ 3 | \$ 8,623 | \$ (665) |
| Valuation allowance impacts | — | 8,238 | — |
| Tax impacts of share vesting | — | 2,530 | — |
| Tax effect of share-based compensation expense, amortization of acquired intangibles, Xirrus one-time acquisition charges and write-down of debt issuance costs, using non-GAAP ETR | (531) | (3,010) | (299) |
| All other discrete items | 85 | (6) | 87 |
| Non-GAAP provision (benefit) for income taxes | <u>\$ 449</u> | <u>\$ 871</u> | <u>\$ (453)</u> |
| Non-GAAP ETR | 10.8% | 18.2% | 23.4% |
| GAAP net income (loss) | \$ 1,960 | \$ (20,374) | \$ (2,555) |
| Share-based compensation expense | 966 | 16,078 | — |
| Amortization of capitalized software costs | 119 | 166 | 80 |
| Amortization of acquired intangibles | 424 | 293 | 1,201 |
| Xirrus one-time acquisition charges | 168 | — | — |
| Write-down of debt issuance costs upon prepayment of debt | 527 | — | — |
| Non-GAAP adjustments to tax | 85 | 10,761 | 87 |
| Tax effect of share-based compensation expense, amortization of acquired intangibles, Xirrus one-time acquisition charges and write-down of debt issuance costs, using non-GAAP ETR | (531) | (3,010) | (299) |
| Non-GAAP net income (loss) | <u>\$ 3,718</u> | <u>\$ 3,915</u> | <u>\$ (1,486)</u> |
| Non-GAAP fully weighted basic and diluted shares | <u>25,634</u> | <u>25,632</u> | <u>13,600</u> |
| Non-GAAP net income (loss) per Non-GAAP fully weighted basic and diluted shares | <u>\$ 0.15</u> | <u>\$ 0.15</u> | <u>\$ (0.11)</u> |

###

Investor Inquiries:

Peter Schuman, IRC

Sr. Director Investor Relations

Cambium Networks

+1 (847) 264-2188

peter.schuman@cambiumnetworks.com