

Cambium Networks Customer Update on Surcharge

Commencing in late 2020, manufacturing costs in the telecommunications industry, induced by COVID 19 impact, began to increase, driven principally by transportation costs and constrained supply of critical components. The cost increases accelerated through the first half of 2021, and Cambium Networks, and other industry manufacturers, were forced to respond with an increase in MSRP, which was judiciously applied across our product portfolio commencing in September. Unfortunately, component costs, from active to passive to mechanical elements, as well as transportation costs, have not only continued to rise, but the rate of change accelerated over the past 90 days. These increases are substantial and far exceeded our expectations. Transparently, costs from July through October increased as follows:

Category Contribution to Total Cost Increase		Discreet Examples	
Category	Q3–Q4 Increase	Specific	Q3–Q4 Increase
Mechanical	≈ 37%	60 GHz cnWave Housing	≈ 19%
IC Chips	≈ 24%	Wi-Fi 6 SoC	≈ 20%
Memory	≈ 11%	Wi-Fi 6 Housing	≈ 14%
Passive	≈ 7%	PMP IC Logic	≈ 13%

Unfortunately, the increases have been such that Cambium Networks must take further action to maintain product availability and our financial health. However, we believe some of the cost increases are transitory, and, therefore, we may experience cost normalizing in the second half of 2022. In anticipation of normalizing costs and instead of implementing a sustaining MSRP increase, Cambium Networks has instituted a surcharge on most hardware product shipments to our Distribution partners commencing after 23 November 2021. In taking the action we expect to be in a better position to ensure continuity of supply to you and mitigate the extended delivery schedules now being experienced, though it will take time to recover.

We expect our Distribution partners to pass those charges through to our resellers and end customers; however, when and how those surcharges manifest in customer purchases will vary depending on individual Distributors' inventory positions and approach to the market. Note that the surcharge is not applicable to software, subscription, and support services. To determine the amount of surcharge that will apply to your products, please contact your Cambium Networks partner.

Cambium Networks recognizes that the surcharge is an unforeseen burden on our partners and our customers but believe it is the best approach to addressing the dramatic rise in costs. We are cautiously optimistic that the industry supply chain will stabilize as we progress through the first half of 2022 and normalize in the second half. We are also undertaking product redesign efforts to utilize components in greater sustainable supply, but that takes time to execute. In the interim, Cambium Networks appreciates the understanding and patience of our partners and our customers. We are endeavoring to minimize the disruption and impact to our customers while ensuring reliable supply and continued innovation. We are committed to aggressively addressing the cost increases with our suppliers and eliminating the surcharge as soon as possible.

If you have further questions about the surcharge, please contact your Cambium Networks reseller or Cambium Networks sales person.

Best regards,

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SVP of Sales

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