

**GILAT SATELLITE NETWORKS LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**U.S. dollars in thousands (except share and per share data)**

	<b>Three months ended</b>	
	<b>March, 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Revenues	\$ 47,673	\$ 62,109
Cost of revenues	38,787	38,539
<b>Gross profit</b>	<b>8,886</b>	<b>23,570</b>
Research and development expenses	7,634	8,857
Less - grants	272	555
Research and development expenses, net	7,362	8,302
Selling and marketing expenses	5,066	5,871
General and administrative expenses	4,545	4,942
Merger and acquisition costs	2,405	-
Restructuring costs	273	-
<b>Total operating expenses</b>	<b>19,651</b>	<b>19,115</b>
<b>Operating income (loss)</b>	<b>(10,765)</b>	<b>4,455</b>
Financial expenses, net	(972)	(821)
<b>Income (loss) before taxes on income</b>	<b>(11,737)</b>	<b>3,634</b>
Taxes on income	18	810
<b>Net income (loss)</b>	<b>\$ (11,755)</b>	<b>\$ 2,824</b>
<b>Basic and Diluted earnings (loss) per share</b>	<b>\$ (0.21)</b>	<b>\$ 0.05</b>
<b>Weighted average number of shares used in computing earnings (loss) per share</b>		
Basic	<b>55,493,258</b>	<b>55,197,588</b>
Diluted	<b>55,493,258</b>	<b>55,959,504</b>

**GILAT SATELLITE NETWORKS LTD.**  
**RECONCILIATION BETWEEN GAAP AND NON-GAAP STATEMENTS OF OPERATIONS**  
**FOR COMPARATIVE PURPOSES**

U.S. dollars in thousands (except share and per share data)

	Three months ended March 31, 2020			Three months ended March 31, 2019		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 8,886	62	\$ 8,948	\$ 23,570	326	\$ 23,896
Operating expenses	19,651	(3,106)	16,545	19,115	(829)	18,286
Operating income (loss)	(10,765)	3,168	(7,597)	4,455	1,155	5,610
Income (loss) before taxes on income	(11,737)	3,168	(8,569)	3,634	1,155	4,789
Net income (loss)	<b>(11,755)</b>	<b>3,168</b>	<b>(8,587)</b>	<b>2,824</b>	<b>1,155</b>	<b>3,979</b>
Earnings (loss) per share (basic and diluted)	<b>\$ (0.21)</b>	<b>\$ 0.06</b>	<b>\$ (0.15)</b>	<b>\$ 0.05</b>	<b>\$ 0.02</b>	<b>\$ 0.07</b>
Weighted average number of shares used in computing earnings per share						
Basic	55,493,258		55,493,258	55,197,588		55,197,588
Diluted	55,493,258		55,493,258	55,959,504		56,142,723

(1) Adjustments reflect the effect of non-cash stock-based compensation as per ASC 718, amortization of intangible assets related to shares acquisition transactions, merger and acquisition costs, trade secrets and other litigation expenses and restructuring costs.

	Three months ended March 31, 2020 Unaudited	Three months ended March 31, 2019 Unaudited
GAAP net income (loss)	\$ (11,755)	\$ 2,824
Gross profit		
Non-cash stock-based compensation expenses	57	94
Amortization of intangible assets related to acquisition transactions	5	232
	62	326
Operating expenses		
Non-cash stock-based compensation expenses	366	777
Amortization of intangible assets related to acquisition transactions	51	52
Trade secrets and other litigation expenses	11	-
Merger and acquisition costs	2,405	-
Restructuring costs	273	-
	3,106	829
Non-GAAP net income (loss)	<b>\$ (8,587)</b>	<b>\$ 3,979</b>

**GILAT SATELLITE NETWORKS LTD.**  
**SUPPLEMENTAL INFORMATION**  
**U.S. dollars in thousands**

**ADJUSTED EBITDA:**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
GAAP operating income (loss)	\$ (10,765)	\$ 4,455
Add:		
Non-cash stock-based compensation expenses	423	871
Trade secrets and other litigation expenses	11	-
Restructuring costs	273	-
Merger and acquisition costs	2,405	-
Depreciation and amortization (*)	2,664	2,877
<b>Adjusted EBITDA</b>	<b>\$ (4,989)</b>	<b>\$ 8,203</b>

(\*) including amortization of lease incentive

**SEGMENT REVENUE:**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	
Fixed Networks	\$ 23,011	\$ 36,428
Mobility Solutions	19,201	20,912
Terrestrial Infrastructure Projects	5,461	4,769
<b>Total revenue</b>	<b>\$ 47,673</b>	<b>\$ 62,109</b>

**GILAT SATELLITE NETWORKS LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**U.S. dollars in thousands**

	<u>March 31,</u> <u>2020</u> <u>Unaudited</u>	<u>December 31,</u> <u>2019</u> <u>Audited</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 66,818	\$ 74,778
Restricted cash	25,710	27,067
Trade receivables, net	33,667	47,731
Contract assets	28,549	23,698
Inventories	33,515	27,203
Other current assets	18,245	23,007
<b>Total current assets</b>	<u>206,504</u>	<u>223,484</u>
<b>LONG-TERM ASSETS:</b>		
Long-term restricted cash	116	124
Severance pay funds	6,588	6,831
Deferred taxes	17,794	18,455
Operating lease right-of-use assets	6,726	5,211
Other long term receivables	10,504	10,156
<b>Total long-term assets</b>	<u>41,728</u>	<u>40,777</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>80,918</u>	<u>82,584</u>
<b>INTANGIBLE ASSETS, NET</b>	<u>1,413</u>	<u>1,523</u>
<b>GOODWILL</b>	<u>43,468</u>	<u>43,468</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 374,031</u>	<u>\$ 391,836</u>

**GILAT SATELLITE NETWORKS LTD.**  
**CONSOLIDATED BALANCE SHEETS (Cont.)**  
**U.S. dollars in thousands**

	<u>March 31,</u> <u>2020</u> <u>Unaudited</u>	<u>December 31,</u> <u>2019</u> <u>Audited</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term loans	\$ 4,000	\$ 4,096
Trade payables	23,019	20,725
Accrued expenses	52,726	54,676
Advances from customers and deferred revenues	25,878	27,220
Operating lease liabilities	2,130	1,977
Other current liabilities	13,701	12,261
<b>Total current liabilities</b>	<u>121,454</u>	<u>120,955</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-term loans, net of current maturities	-	4,000
Accrued severance pay	6,860	7,061
Long-term advances from customers	1,330	2,866
Operating lease liabilities	4,535	3,258
Other long-term liabilities	107	108
<b>Total long-term liabilities</b>	<u>12,832</u>	<u>17,293</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital - ordinary shares of NIS 0.2 par value	2,643	2,643
Additional paid-in capital	927,771	927,348
Accumulated other comprehensive loss	(7,559)	(5,048)
Accumulated deficit	(683,110)	(671,355)
<b>Total shareholders' equity</b>	<u>239,745</u>	<u>253,588</u>
<b><u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>	<u>\$ 374,031</u>	<u>\$ 391,836</u>

**GILAT SATELLITE NETWORKS LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
U.S. dollars in thousands

	Three months ended	
	March 31,	
	2020	2019
	<u>Unaudited</u>	
<b><u>Cash flows from operating activities:</u></b>		
Net income (loss)	\$ (11,755)	\$ 2,824
<b>Adjustments required to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	2,604	2,822
Capital loss (gain) from disposal of property and equipment	(33)	7
Stock-based compensation of options	423	871
Accrued severance pay, net	43	285
Deferred income taxes, net	634	683
Decrease in trade receivables, net	13,607	7,831
Increase in contract assets	(4,851)	(430)
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	1,673	(86)
Increase in inventories	(6,635)	(3,659)
Increase (decrease) in trade payables	2,375	(922)
Decrease in accrued expenses	(1,652)	(2,169)
Decrease in advance from customers	(2,827)	(3,087)
Increase in current and non current liabilities	2,811	863
<b>Net cash provided by (used in) operating activities</b>	<b><u>(3,583)</u></b>	<b><u>5,833</u></b>
<b><u>Cash flows from investing activities:</u></b>		
Purchase of property and equipment	(951)	(2,014)
<b>Net cash used in investing activities</b>	<b><u>(951)</u></b>	<b><u>(2,014)</u></b>
<b><u>Cash flows from financing activities:</u></b>		
Exercise of stock options	-	338
Repayment of long-term loans	(4,096)	(4,123)
<b>Net cash used in financing activities</b>	<b><u>(4,096)</u></b>	<b><u>(3,785)</u></b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b><u>(695)</u></b>	<b><u>97</u></b>
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b><u>(9,325)</u></b>	<b><u>131</u></b>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b><u>101,969</u></b>	<b><u>104,204</u></b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b><u>\$ 92,644</u></b>	<b><u>\$ 104,335</u></b>
<b>Supplementary disclosure of cash flows activities:</b>		
Non-cash transactions:		
Declaration of cash dividend not yet distributed	\$ -	\$ 24,862