

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

	Six months ended		Three months ended	
	June, 30		June, 30	
	2020	2019	2020	2019
	Unaudited		Unaudited	
Revenues	\$ 85,988	\$ 121,794	\$ 38,315	\$ 59,685
Cost of revenues	67,514	76,239	28,727	37,700
<b>Gross profit</b>	<b>18,474</b>	<b>45,555</b>	<b>9,588</b>	<b>21,985</b>
Research and development expenses	13,773	16,492	6,139	7,635
Less - grants	472	1,094	200	539
Research and development expenses, net	13,301	15,398	5,939	7,096
Selling and marketing expenses	8,650	11,288	3,584	5,417
General and administrative expenses (*)	7,791	9,527	2,973	4,585
Merger and acquisition costs	2,951	-	546	-
<b>Total operating expenses</b>	<b>32,693</b>	<b>36,213</b>	<b>13,042</b>	<b>17,098</b>
<b>Operating income (loss)</b>	<b>(14,219)</b>	<b>9,342</b>	<b>(3,454)</b>	<b>4,887</b>
Financial expenses, net	(1,429)	(1,400)	(457)	(579)
<b>Income (loss) before taxes on income</b>	<b>(15,648)</b>	<b>7,942</b>	<b>(3,911)</b>	<b>4,308</b>
Taxes on income	332	1,713	314	903
<b>Net income (loss)</b>	<b>\$ (15,980)</b>	<b>\$ 6,229</b>	<b>\$ (4,225)</b>	<b>\$ 3,405</b>
<b>Basic and Diluted earnings (loss) per share</b>	<b>\$ (0.29)</b>	<b>\$ 0.11</b>	<b>\$ (0.08)</b>	<b>\$ 0.06</b>
<b>Weighted average number of shares used in computing earnings (loss) per share</b>				
Basic	<u>55,499,300</u>	<u>55,262,453</u>	<u>55,505,342</u>	<u>55,327,318</u>
Diluted	<u>55,499,300</u>	<u>56,014,927</u>	<u>55,505,342</u>	<u>56,070,351</u>

(\*) Including restructuring cost

**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			Three months ended		
	June 30, 2020			June 30, 2019		
	GAAP	Adjustments (1)	Non-GAAP	GAAP	Adjustments (1)	Non-GAAP
	Unaudited			Unaudited		
Gross profit	\$ 9,588	54	\$ 9,642	\$ 21,985	312	\$ 22,297
Operating expenses	13,042	(831)	12,211	17,098	(1,077)	16,021
Operating income (loss)	(3,454)	885	(2,569)	4,887	1,389	6,276
Income (loss) before taxes on income	(3,911)	885	(3,026)	4,308	1,389	5,697
Net income (loss)	<u>(4,225)</u>	<u>885</u>	<u>(3,340)</u>	<u>3,405</u>	<u>1,389</u>	<u>4,794</u>
Earnings (loss) per share (basic and diluted)	<u>\$ (0.08)</u>	<u>\$ 0.02</u>	<u>\$ (0.06)</u>	<u>\$ 0.06</u>	<u>\$ 0.03</u>	<u>\$ 0.09</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>55,505,342</u>		<u>55,505,342</u>	<u>55,327,318</u>		<u>55,327,318</u>
Diluted	<u>55,505,342</u>		<u>55,505,342</u>	<u>56,070,351</u>		<u>56,218,672</u>

(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 and re-organization costs.

	Three months ended		Three months ended	
	June 30, 2020		June 30, 2019	
	Unaudited		Unaudited	
GAAP net income (loss)	\$	(4,225)	\$	3,405
Gross profit				
Non-cash stock-based compensation expenses		49		49
Amortization of intangible assets related to acquisition transactions		5		234
Restructuring and re-organization costs		-		29
		<u>54</u>		<u>312</u>
Operating expenses				
Non-cash stock-based compensation expenses		235		373
Amortization of intangible assets related to acquisition transactions		50		49
Trade secrets and other litigation expenses		-		100
Merger and acquisition costs		546		-
Restructuring and re-organization costs		-		555
		<u>831</u>		<u>1,077</u>
Non-GAAP net income (loss)	<u>\$</u>	<u>(3,340)</u>	<u>\$</u>	<u>4,794</u>

**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)

	Six months ended June 30, 2020			Six months ended June 30, 2019		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 18,474	116	\$ 18,590	\$ 45,555	638	\$ 46,193
Operating expenses	32,693	(3,937)	28,756	36,213	(1,906)	34,307
Operating income (loss)	(14,219)	4,053	(10,166)	9,342	2,544	11,886
Income (loss) before taxes on income	(15,648)	4,053	(11,595)	7,942	2,544	10,486
Net income (loss)	<b>(15,980)</b>	<b>4,053</b>	<b>(11,927)</b>	<b>6,229</b>	<b>2,544</b>	<b>8,773</b>
Earnings (loss) per share (basic and diluted)	<b>\$ (0.29)</b>	<b>\$ 0.08</b>	<b>\$ (0.21)</b>	<b>\$ 0.11</b>	<b>\$ 0.05</b>	<b>\$ 0.16</b>
Weighted average number of shares used in computing earnings per share						
Basic	55,499,300		55,499,300	55,262,453		55,262,453
Diluted	55,499,300		55,499,300	56,014,927		56,180,698

(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 and re-organization costs.

	Six months ended June 30, 2020 Unaudited	Six months ended June 30, 2019 Unaudited
GAAP net income (loss)	\$ (15,980)	\$ 6,229
Gross profit		
Non-cash stock-based compensation expenses	106	143
Amortization of intangible assets related to acquisition transactions	10	466
Restructuring and re-organization costs	-	29
	<u>116</u>	<u>638</u>
Operating expenses		
Non-cash stock-based compensation expenses	601	1,150
Amortization of intangible assets related to acquisition transactions	101	101
Trade secrets and other litigation expenses	11	100
Merger and acquisition costs	2,951	-
Restructuring and re-organization costs	273	555
	<u>3,937</u>	<u>1,906</u>
Non-GAAP net income (loss)	<b>\$ (11,927)</b>	<b>\$ 8,773</b>

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

**ADJUSTED EBITDA:**

	Six months ended		Three months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	Unaudited		Unaudited	
GAAP operating income (loss)	\$ (14,219)	\$ 9,342	\$ (3,454)	\$ 4,887
Add:				
Non-cash stock-based compensation expenses	707	1,293	284	422
Trade secrets and other litigation expenses	11	100	-	100
Restructuring and re-organization costs	273	584	-	584
Merger and acquisition costs	2,951	-	546	-
Depreciation and amortization (*)	5,382	5,786	2,718	2,909
<b>Adjusted EBITDA</b>	<b>\$ (4,895)</b>	<b>\$ 17,105</b>	<b>\$ 94</b>	<b>\$ 8,902</b>

(\*) Including amortization of lease incentive

**SEGMENT REVENUE:**

	Six months ended		Three months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	Unaudited		Unaudited	
Fixed Networks	\$ 44,790	\$ 66,836	\$ 21,779	\$ 30,408
Mobility Solutions	33,207	43,499	14,006	22,587
Terrestrial Infrastructure Projects	7,991	11,459	2,530	6,690
<b>Total revenue</b>	<b>\$ 85,988</b>	<b>\$ 121,794</b>	<b>\$ 38,315</b>	<b>\$ 59,685</b>

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

	<u>June 30,</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	\$ 59,601	\$ 74,778
Restricted cash	25,579	27,067
Trade receivables, net	28,560	47,731
Contract assets	32,060	23,698
Inventories	32,489	27,203
Other current assets	15,581	23,007
<b>Total current assets</b>	<u>193,870</u>	<u>223,484</u>
<b>LONG-TERM ASSETS:</b>		
Long-term restricted cash	117	124
Severance pay funds	6,425	6,831
Deferred taxes	18,291	18,455
Operating lease right-of-use assets	6,353	5,211
Other long term receivables	9,699	10,156
<b>Total long-term assets</b>	<u>40,885</u>	<u>40,777</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>78,781</u>	<u>82,584</u>
<b>INTANGIBLE ASSETS, NET</b>	<u>1,302</u>	<u>1,523</u>
<b>GOODWILL</b>	<u>43,468</u>	<u>43,468</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 358,306</u>	<u>\$ 391,836</u>

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

	<u>June 30,</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	20,129	20,725
Accrued expenses	48,194	54,676
Advances from customers and deferred revenues	23,124	27,220
Operating lease liabilities	2,145	1,977
Other current liabilities	10,552	12,261
<b>Total current liabilities</b>	<u>108,144</u>	<u>120,955</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-term loans, net of current maturities	-	4,000
Accrued severance pay	6,681	7,061
Long-term advances from customers	1,180	2,866
Operating lease liabilities	4,153	3,258
Other long-term liabilities	1,218	108
<b>Total long-term liabilities</b>	<u>13,232</u>	<u>17,293</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital - ordinary shares of NIS 0.2 par value	2,644	2,643
Additional paid-in capital	928,054	927,348
Accumulated other comprehensive loss	(6,433)	(5,048)
Accumulated deficit	(687,335)	(671,355)
<b>Total shareholders' equity</b>	<u>236,930</u>	<u>253,588</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 358,306</u>	<u>\$ 391,836</u>

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

	Six months ended		Three months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	Unaudited		Unaudited	
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ (15,980)	\$ 6,229	\$ (4,225)	\$ 3,405
<b>Adjustments required to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	5,271	5,681	2,667	2,859
Capital loss from disposal of property and equipment	23	-	56	-
Stock-based compensation of options	707	1,293	284	422
Accrued severance pay, net	26	382	(17)	97
Deferred income taxes, net	140	1,385	(494)	702
Decrease (increase) in trade receivables, net	18,364	2,506	4,757	(5,325)
Decrease (increase) in contract assets	(8,362)	(232)	(3,511)	198
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	6,710	(29)	5,037	50
Decrease (increase) in inventories	(5,698)	(6,137)	937	(2,478)
Increase (decrease) in trade payables	(510)	3,933	(2,885)	4,855
Decrease in accrued expenses	(5,809)	(7,076)	(4,157)	(4,907)
Decrease in advance from customers	(5,725)	(8,405)	(2,898)	(5,318)
Increase (decrease) in current and non current liabilities	685	(1,950)	(2,126)	(2,813)
<b>Net cash used in operating activities</b>	<b>(10,158)</b>	<b>(2,420)</b>	<b>(6,575)</b>	<b>(8,253)</b>
<b>Cash flows from investing activities:</b>				
Purchase of property and equipment	(1,879)	(3,587)	(928)	(1,573)
<b>Net cash used in investing activities</b>	<b>(1,879)</b>	<b>(3,587)</b>	<b>(928)</b>	<b>(1,573)</b>
<b>Cash flows from financing activities:</b>				
Exercise of stock options	-	375	-	37
Dividend payment	-	(24,864)	-	(24,864)
Repayment of long-term loans	(4,096)	(4,231)	-	(108)
<b>Net cash used in financing activities</b>	<b>(4,096)</b>	<b>(28,720)</b>	<b>-</b>	<b>(24,935)</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(539)</b>	<b>21</b>	<b>156</b>	<b>(76)</b>
<b>Decrease in cash, cash equivalents and restricted cash</b>	<b>(16,672)</b>	<b>(34,706)</b>	<b>(7,347)</b>	<b>(34,837)</b>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>101,969</b>	<b>104,204</b>	<b>92,644</b>	<b>104,335</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 85,297</b>	<b>\$ 69,498</b>	<b>\$ 85,297</b>	<b>\$ 69,498</b>