

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

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	Unaudited	Audited	Unaudited	
Revenues	\$ 165,885	\$ 263,492	\$ 42,627	\$ 78,314
Cost of revenues	124,670	167,615	29,329	51,246
Gross profit	41,215	95,877	13,298	27,068
Research and development expenses	27,689	32,208	7,474	8,120
Less - grants	1,386	2,024	454	414
Research and development expenses, net	26,303	30,184	7,020	7,706
Selling and marketing expenses	16,871	21,488	4,534	5,156
General and administrative expenses	14,063	18,515	3,794	4,849
Merger, acquisition and related litigation expenses (income), net	(53,633)	118	(64,782)	118
Total operating expenses (income)	3,604	70,305	(49,434)	17,829
Operating income	37,611	25,572	62,732	9,239
Financial expenses, net	1,907	2,617	192	677
Income before taxes on income	35,704	22,955	62,540	8,562
Taxes on income (tax benefit)	793	(13,583)	98	(15,459)
Net income	\$ 34,911	\$ 36,538	\$ 62,442	\$ 24,021
Basic earnings per share	\$ 0.63	\$ 0.66	\$ 1.12	\$ 0.43
Diluted earnings per share	\$ 0.63	\$ 0.65	\$ 1.12	\$ 0.43
Weighted average number of shares used in computing earnings per share				
Basic	55,516,113	55,368,703	55,545,654	55,485,961
Diluted	55,583,474	56,030,976	55,815,099	56,034,744

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 December 31, 2020			Three months ended December 31, 2019		
	GAAP	Adjustments Unaudited	Non-GAAP	GAAP	Adjustments Unaudited	Non-GAAP
Gross profit	\$ 13,298	42	\$ 13,340	\$ 27,068	70	\$ 27,138
Operating expenses (income)	(49,434)	64,389	14,955	17,829	(550)	17,279
Operating income (loss)	62,732	(64,347)	(1,615)	9,239	620	9,859
Income (loss) before taxes on income	62,540	(64,347)	(1,807)	8,562	620	9,182
Net income (loss)	62,442	(64,347)	(1,905)	24,021	(14,908)	9,113
Basic earnings (loss) per share	\$ 1.12	\$ (1.15)	\$ (0.03)	\$ 0.43	\$ (0.27)	\$ 0.16
Diluted earnings (loss) per share	\$ 1.12	\$ (1.15)	\$ (0.03)	\$ 0.43	\$ (0.27)	\$ 0.16
Weighted average number of shares used in computing earnings per share						
Basic	55,545,654		55,545,654	55,485,961		55,485,961
Diluted	55,815,099		55,545,654	56,034,744		56,122,960

	Three months ended December 31, 2020 Unaudited	Three months ended December 31, 2019 Unaudited
GAAP net income	\$ 62,442	\$ 24,021
Gross profit		
Non-cash stock-based compensation expenses	39	58
Amortization of intangible assets related to acquisition transactions	3	12
	42	70
Operating expenses (income)		
Non-cash stock-based compensation expenses	254	347
Amortization of intangible assets related to acquisition transactions	54	49
Trade secrets and other litigation expenses	85	36
Merger, acquisition and related litigation expenses (income), net	(64,782)	118
	(64,389)	550
Tax benefit	-	(15,528)
Non-GAAP net income (loss)	\$ (1,905)	\$ 9,113

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)

	Twelve months ended December 31, 2020			Twelve months ended December 31, 2019		
	GAAP	Adjustments Unaudited	Non-GAAP	GAAP Audited	Adjustments Unaudited	Non-GAAP
Gross profit	\$ 41,215	186	\$ 41,401	\$ 95,877	776	\$ 96,653
Operating expenses	3,604	51,502	55,106	70,305	(2,890)	67,415
Operating income (loss)	37,611	(51,316)	(13,705)	25,572	3,666	29,238
Income (loss) before taxes on income	35,704	(51,316)	(15,612)	22,955	3,666	26,621
Net income (loss)	<u>34,911</u>	<u>(51,316)</u>	<u>(16,405)</u>	<u>36,538</u>	<u>(11,862)</u>	<u>24,676</u>
Basic earnings (loss) per share	<u>\$ 0.63</u>	<u>\$ (0.93)</u>	<u>\$ (0.30)</u>	<u>\$ 0.66</u>	<u>\$ (0.21)</u>	<u>\$ 0.45</u>
Diluted earnings (loss) per share	<u>\$ 0.63</u>	<u>\$ (0.93)</u>	<u>\$ (0.30)</u>	<u>\$ 0.65</u>	<u>\$ (0.21)</u>	<u>\$ 0.44</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>55,516,113</u>		<u>55,516,113</u>	<u>55,368,703</u>		<u>55,368,703</u>
Diluted	<u>55,583,474</u>		<u>55,516,113</u>	<u>56,030,976</u>		<u>56,165,945</u>

	Twelve months ended December 31, 2020 Unaudited	Twelve months ended December 31, 2019 Unaudited
GAAP net income	\$ 34,911	\$ 36,538
Gross profit		
Non-cash stock-based compensation expenses	166	257
Amortization of intangible assets related to acquisition transactions	20	490
Restructuring and re-organization costs	-	29
	<u>186</u>	<u>776</u>
Operating expenses (income)		
Non-cash stock-based compensation expenses	1,114	1,878
Amortization of intangible assets related to acquisition transactions	204	203
Trade secrets and other litigation expenses	96	136
Merger, acquisition and related litigation expenses (income), net	(53,633)	118
Restructuring and re-organization costs	717	555
	<u>(51,502)</u>	<u>2,890</u>
Tax benefit	-	(15,528)
Non-GAAP net income (loss)	<u>\$ (16,405)</u>	<u>\$ 24,676</u>

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

ADJUSTED EBITDA:

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	Unaudited		Unaudited	
GAAP operating income	\$ 37,611	\$ 25,572	\$ 62,732	\$ 9,239
Add (deduct):				
Non-cash stock-based compensation expenses	1,280	2,135	293	405
Trade secrets and other litigation expenses	96	136	85	36
Restructuring and re-organization costs	717	584	-	-
Merger, acquisition and related litigation expenses (income), net	(53,633)	118	(64,782)	118
Depreciation and amortization (*)	10,653	11,676	2,729	3,263
Adjusted EBITDA	\$ (3,276)	\$ 40,221	\$ 1,057	\$ 13,061

(*) Including amortization of lease incentive

SEGMENT REVENUE:

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	Unaudited	Audited	Unaudited	
Fixed Networks	\$ 92,671	\$ 127,265	\$ 25,085	\$ 33,161
Mobility Solutions	54,169	104,665	11,751	34,050
Terrestrial Infrastructure Projects	19,045	31,562	5,791	11,103
Total revenue	\$ 165,885	\$ 263,492	\$ 42,627	\$ 78,314

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

	<u>December 31,</u> <u>2020</u> <u>Unaudited</u>	<u>December 31,</u> <u>2019</u> <u>Audited</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 88,754	\$ 74,778
Restricted cash	27,162	27,067
Trade receivables, net	27,976	47,731
Contract assets	41,573	23,698
Inventories	31,304	27,203
Other current assets	16,637	23,007
Total current assets	<u>233,406</u>	<u>223,484</u>
LONG-TERM ASSETS:		
Long-term restricted cash	42	124
Severance pay funds	6,665	6,831
Deferred taxes	19,295	18,455
Operating lease right-of-use assets	4,879	5,211
Other long term receivables	7,797	10,156
Total long-term assets	<u>38,678</u>	<u>40,777</u>
PROPERTY AND EQUIPMENT, NET	<u>77,172</u>	<u>82,584</u>
INTANGIBLE ASSETS, NET	<u>1,082</u>	<u>1,523</u>
GOODWILL	<u>43,468</u>	<u>43,468</u>
<u>TOTAL ASSETS</u>	<u>\$ 393,806</u>	<u>\$ 391,836</u>

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

	<u>December 31,</u> <u>2020</u> <u>Unaudited</u>	<u>December 31,</u> <u>2019</u> <u>Audited</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term loans	\$ 4,000	\$ 4,096
Trade payables	20,487	20,725
Accrued expenses	46,387	54,676
Advances from customers and deferred revenues	26,244	27,220
Operating lease liabilities	1,911	1,977
Dividend payable	35,003	-
Other current liabilities	13,322	12,261
Total current liabilities	<u>147,354</u>	<u>120,955</u>
LONG-TERM LIABILITIES:		
Long-term loans, net of current maturities	-	4,000
Accrued severance pay	7,136	7,061
Long-term advances from customers	1,890	2,866
Operating lease liabilities	2,985	3,258
Other long-term liabilities	631	108
Total long-term liabilities	<u>12,642</u>	<u>17,293</u>
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,647	2,643
Additional paid-in capital	928,627	927,348
Accumulated other comprehensive loss	(6,017)	(5,048)
Accumulated deficit	(691,447)	(671,355)
Total shareholders' equity	<u>233,810</u>	<u>253,588</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 393,806</u>	<u>\$ 391,836</u>

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

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	Unaudited		Unaudited	
Cash flows from operating activities:				
Net income	\$ 34,911	\$ 36,538	\$ 62,442	\$ 24,021
Adjustments required to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	10,291	10,978	2,534	2,730
Capital loss from disposal of property and equipment	181	461	147	461
Stock-based compensation of options	1,280	2,135	293	405
Accrued severance pay, net	242	361	205	16
Exchange rate differences on long-term loans	-	(12)	-	(12)
Deferred income taxes, net	(865)	(12,555)	(966)	(13,636)
Decrease (increase) in trade receivables, net	19,332	(1,323)	(1,520)	(1,464)
Decrease (increase) in contract assets	(17,875)	24,062	(3,471)	(1,346)
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	8,940	(817)	1,021	603
Decrease (increase) in inventories	(5,050)	(8,076)	100	(391)
Decrease (increase) in trade payables	(157)	(3,884)	3,178	631
Decrease in accrued expenses	(7,549)	(11,671)	(7,356)	(2,767)
Increase (decrease) in advance from customers	(1,898)	1,112	2,218	10,019
Increase (decrease) in current and non current liabilities	1,377	(2,527)	1,596	765
Net cash provided by operating activities	43,160	34,782	60,421	20,035
Cash flows from investing activities:				
Purchase of property and equipment	(4,716)	(7,982)	(1,976)	(2,333)
Net cash used in investing activities	(4,716)	(7,982)	(1,976)	(2,333)
Cash flows from financing activities:				
Exercise of stock options	-	375	-	-
Dividend payment	(19,999)	(24,864)	(19,999)	-
Repayment of long-term loans	(4,096)	(4,447)	-	(94)
Net cash used in financing activities	(24,095)	(28,936)	(19,999)	(94)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(360)	(99)	270	136
Increase (decrease) in cash, cash equivalents and restricted cash	13,989	(2,235)	38,716	17,744
Cash, cash equivalents and restricted cash at the beginning of the period	101,969	104,204	77,242	84,225
Cash, cash equivalents and restricted cash at the end of the period	\$ 115,958	\$ 101,969	\$ 115,958	\$ 101,969