

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

| | Three months ended | |
|---|--------------------------|---------------------------|
| | March 31, | |
| | 2021 | 2020 |
| | <u>Unaudited</u> | |
| Revenues | \$ 44,713 | \$ 47,673 |
| Cost of revenues | <u>32,356</u> | <u>38,787</u> |
| Gross profit | <u>12,357</u> | <u>8,886</u> |
| Research and development expenses | 8,111 | 7,634 |
| Less - grants | <u>184</u> | <u>272</u> |
| Research and development expenses, net | 7,927 | 7,362 |
| Selling and marketing expenses | 5,004 | 5,066 |
| General and administrative expenses | 3,083 | 4,818 |
| Merger, acquisition and related litigation expenses | <u>-</u> | <u>2,405</u> |
| Total operating expenses | <u>16,014</u> | <u>19,651</u> |
| Operating loss | (3,657) | (10,765) |
| Financial expenses, net | <u>(1,192)</u> | <u>(972)</u> |
| Loss before taxes on income | <u>(4,849)</u> | <u>(11,737)</u> |
| Taxes on income | <u>247</u> | <u>18</u> |
| Net loss | <u>\$ (5,096)</u> | <u>\$ (11,755)</u> |
| Basic loss per share | <u>\$ (0.09)</u> | <u>\$ (0.21)</u> |
| Diluted loss per share | <u>\$ (0.09)</u> | <u>\$ (0.21)</u> |
| Weighted average number of shares used in computing loss per share | | |
| Basic | <u>56,031,343</u> | <u>55,493,258</u> |
| Diluted | <u>56,031,343</u> | <u>55,493,258</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)

| | Three months ended | | | Three months ended | | |
|--|--------------------|--------------|-------------------|--------------------|----------------|-------------------|
| | March 31, 2021 | | | March 31, 2020 | | |
| | GAAP | Adjustments | Non-GAAP | GAAP | Adjustments | Non-GAAP |
| | Unaudited | | | Unaudited | | |
| Gross profit | \$ 12,357 | 66 | \$ 12,423 | \$ 8,886 | 62 | \$ 8,948 |
| Operating expenses | 16,014 | 169 | 16,183 | 19,651 | (3,106) | 16,545 |
| Operating loss | (3,657) | (103) | (3,760) | (10,765) | 3,168 | (7,597) |
| Loss before taxes on income | (4,849) | (103) | (4,952) | (11,737) | 3,168 | (8,569) |
| Net loss | <u>(5,096)</u> | <u>(103)</u> | <u>(5,199)</u> | <u>(11,755)</u> | <u>3,168</u> | <u>(8,587)</u> |
| Basic loss per share | <u>\$ (0.09)</u> | <u>\$ -</u> | <u>\$ (0.09)</u> | <u>\$ (0.21)</u> | <u>\$ 0.06</u> | <u>\$ (0.15)</u> |
| Diluted loss per share | <u>\$ (0.09)</u> | <u>\$ -</u> | <u>\$ (0.09)</u> | <u>\$ (0.21)</u> | <u>\$ 0.06</u> | <u>\$ (0.15)</u> |
| Weighted average number of shares used in computing loss per share | | | | | | |
| Basic | <u>56,031,343</u> | | <u>56,031,343</u> | <u>55,493,258</u> | | <u>55,493,258</u> |
| Diluted | <u>56,031,343</u> | | <u>56,031,343</u> | <u>55,493,258</u> | | <u>55,493,258</u> |

| | Three months ended | | Three months ended | |
|---|--------------------|----------------|--------------------|----------------|
| | March 31, 2021 | | March 31, 2020 | |
| | Unaudited | | Unaudited | |
| GAAP net loss | \$ | (5,096) | \$ | (11,755) |
| Gross profit | | | | |
| Non-cash stock-based compensation expenses | | 61 | | 57 |
| Amortization of intangible assets related to acquisition transactions | | 5 | | 5 |
| | | <u>66</u> | | <u>62</u> |
| Operating expenses (income) | | | | |
| Non-cash stock-based compensation expenses | | (220) | | 366 |
| Amortization of intangible assets related to acquisition transactions | | 51 | | 51 |
| Trade secrets and other litigation expenses | | - | | 11 |
| Merger, acquisition and related litigation expenses | | - | | 2,405 |
| Restructuring and re-organization costs | | - | | 273 |
| | | <u>(169)</u> | | <u>3,106</u> |
| Non-GAAP net loss | \$ | <u>(5,199)</u> | \$ | <u>(8,587)</u> |

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

ADJUSTED EBITDA:

| | Three months ended | |
|---|---------------------------|-------------------|
| | March 31, | |
| | 2021 | 2020 |
| | Unaudited | |
| GAAP operating loss | \$ (3,657) | \$ (10,765) |
| Add (deduct): | | |
| Non-cash stock-based compensation expenses | (159) | 423 |
| Trade secrets and other litigation expenses | - | 11 |
| Restructuring and re-organization costs | - | 273 |
| Merger, acquisition and related litigation expenses | - | 2,405 |
| Depreciation and amortization (*) | 2,385 | 2,664 |
| Adjusted EBITDA | \$ (1,431) | \$ (4,989) |

(*) Including amortization of lease incentive

SEGMENT REVENUE:

| | Three months ended | |
|-------------------------------------|---------------------------|------------------|
| | March 31, | |
| | 2021 | 2020 |
| | Unaudited | |
| Fixed Networks | \$ 25,302 | \$ 23,011 |
| Mobility Solutions | 11,079 | 19,201 |
| Terrestrial Infrastructure Projects | 8,332 | 5,461 |
| Total revenue | \$ 44,713 | \$ 47,673 |

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

| | <u>March 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
|-------------------------------------|---------------------------------|------------------------------------|
| | <u>Unaudited</u> | <u>Audited</u> |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 48,905 | \$ 88,754 |
| Restricted cash | 26,642 | 27,162 |
| Trade receivables, net | 27,820 | 27,976 |
| Contract assets | 46,060 | 41,573 |
| Inventories | 33,339 | 31,304 |
| Other current assets | 18,832 | 16,637 |
| | <hr/> | <hr/> |
| Total current assets | 201,598 | 233,406 |
| LONG-TERM ASSETS: | | |
| Long-term restricted cash | 12 | 42 |
| Severance pay funds | 6,414 | 6,665 |
| Deferred taxes | 18,778 | 19,295 |
| Operating lease right-of-use assets | 4,478 | 4,879 |
| Other long term receivables | 8,339 | 7,797 |
| | <hr/> | <hr/> |
| Total long-term assets | 38,021 | 38,678 |
| PROPERTY AND EQUIPMENT, NET | <hr/> 76,612 | <hr/> 77,172 |
| INTANGIBLE ASSETS, NET | <hr/> 971 | <hr/> 1,082 |
| GOODWILL | <hr/> 43,468 | <hr/> 43,468 |
| <u>TOTAL ASSETS</u> | <hr/> \$ 360,670 <hr/> | <hr/> \$ 393,806 <hr/> |

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

| | <u>March 31,</u> <u>2021</u> <u>Unaudited</u> | <u>December 31,</u> <u>2020</u> <u>Audited</u> |
|--|---|--|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term loans | \$ - | \$ 4,000 |
| Trade payables | 21,428 | 20,487 |
| Accrued expenses | 47,465 | 46,387 |
| Advances from customers and deferred revenues | 35,404 | 26,244 |
| Operating lease liabilities | 1,678 | 1,911 |
| Dividend payable | - | 35,003 |
| Other current liabilities | 16,161 | 13,322 |
| Total current liabilities | <u>122,136</u> | <u>147,354</u> |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 6,875 | 7,136 |
| Long-term advances from customers | 307 | 1,890 |
| Operating lease liabilities | 2,847 | 2,985 |
| Other long-term liabilities | 396 | 631 |
| Total long-term liabilities | <u>10,425</u> | <u>12,642</u> |
| SHAREHOLDERS' EQUITY: | | |
| Share capital - ordinary shares of NIS 0.2 par value | 2,704 | 2,647 |
| Additional paid-in capital | 928,410 | 928,626 |
| Accumulated other comprehensive loss | (6,463) | (6,017) |
| Accumulated deficit | (696,542) | (691,446) |
| Total shareholders' equity | <u>228,109</u> | <u>233,810</u> |
| <u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u> | <u>\$ 360,670</u> | <u>\$ 393,806</u> |

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

| | Three months ended | |
|---|-------------------------|-------------------------|
| | March 31, | |
| | 2021 | 2020 |
| | <u>Unaudited</u> | |
| <u>Cash flows from operating activities:</u> | | |
| Net loss | \$ (5,096) | \$ (11,755) |
| Adjustments required to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 2,330 | 2,604 |
| Capital loss from disposal of property and equipment | - | (33) |
| Stock-based compensation of options | (159) | 423 |
| Accrued severance pay, net | (10) | 43 |
| Deferred income taxes, net | 518 | 634 |
| Decrease (increase) in trade receivables, net | (1,933) | 13,607 |
| Increase in contract assets | (4,487) | (4,851) |
| Decrease (increase) in other assets (including short-term, long-term and deferred charges) | (220) | 1,673 |
| Increase in inventories | (2,212) | (6,635) |
| Increase in trade payables | 950 | 2,375 |
| Increase (decrease) in accrued expenses | 969 | (1,652) |
| Increase (decrease) in advance from customer and deferred revenues | 7,688 | (2,827) |
| Increase in current and non current liabilities | 2,003 | 2,811 |
| Net cash provided by (used in) operating activities | <u>341</u> | <u>(3,583)</u> |
| <u>Cash flows from investing activities:</u> | | |
| Purchase of property and equipment | (1,483) | (951) |
| Net cash used in investing activities | <u>(1,483)</u> | <u>(951)</u> |
| <u>Cash flows from financing activities:</u> | | |
| Dividend payment | (35,003) | - |
| Repayment of long-term loans | (4,000) | (4,096) |
| Net cash used in financing activities | <u>(39,003)</u> | <u>(4,096)</u> |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | <u>(254)</u> | <u>(695)</u> |
| Decrease in cash, cash equivalents and restricted cash | <u>(40,399)</u> | <u>(9,325)</u> |
| Cash, cash equivalents and restricted cash at the beginning of the period | <u>115,958</u> | <u>101,969</u> |
| Cash, cash equivalents and restricted cash at the end of the period | <u>\$ 75,559</u> | <u>\$ 92,644</u> |