

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	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Revenues	\$ 101,636	\$ 85,988	\$ 56,923	\$ 38,315
Cost of revenues	72,564	67,514	40,208	28,727
Gross profit	29,072	18,474	16,715	9,588
Research and development expenses	16,034	13,773	7,923	6,139
Less - grants	374	472	190	200
Research and development expenses, net	15,660	13,301	7,733	5,939
Selling and marketing expenses	10,468	8,650	5,464	3,584
General and administrative expenses	6,938	7,518	3,855	2,973
Restructuring costs	-	273	-	-
Merger, acquisition and related litigation expense, net	-	2,951	-	546
Total operating expenses	33,066	32,693	17,052	13,042
Operating loss	(3,994)	(14,219)	(337)	(3,454)
Financial income (expenses), net	(757)	(1,429)	435	(457)
Income (loss) before taxes on income	(4,751)	(15,648)	98	(3,911)
Taxes on income	474	332	227	314
Net loss	\$ (5,225)	\$ (15,980)	\$ (129)	\$ (4,225)
Basic and Diluted loss per share	\$ (0.09)	\$ (0.29)	\$ (0.00)	\$ (0.08)
Weighted average number of shares used in computing earnings (loss) per share				
Basic and Diluted	56,269,941	55,499,300	56,508,539	55,505,342

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 June 30, 2021			Three months ended June 30, 2020		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 16,715	64	\$ 16,779	\$ 9,588	54	\$ 9,642
Operating expenses (income)	17,052	(456)	16,596	13,042	(831)	12,211
Operating income (loss)	(337)	520	183	(3,454)	885	(2,569)
Income (loss) before taxes on income	98	520	618	(3,911)	885	(3,026)
Net income (loss)	<u>(129)</u>	<u>520</u>	<u>391</u>	<u>(4,225)</u>	<u>885</u>	<u>(3,340)</u>
Earnings (loss) per share (basic and diluted)	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ (0.08)</u>	<u>\$ 0.02</u>	<u>\$ (0.06)</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>56,508,539</u>		<u>56,508,539</u>	<u>55,505,342</u>		<u>55,505,342</u>
Diluted	<u>56,508,539</u>		<u>57,328,088</u>	<u>55,505,342</u>		<u>55,505,342</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 and merger and acquisition and related litigation, net.

	Three months ended June 30, 2021	Three months ended June 30, 2020
	Unaudited	Unaudited
GAAP net loss	\$ (129)	\$ (4,225)
Gross profit		
Non-cash stock-based compensation expenses	59	49
Amortization of intangible assets related to acquisition transactions	<u>5</u>	<u>5</u>
	64	54
Operating expenses		
Non-cash stock-based compensation expenses	406	235
Amortization of intangible assets related to acquisition transactions	50	50
Merger and acquisition and related litigation, net	<u>-</u>	<u>546</u>
	456	831
Non-GAAP net income (loss)	<u>\$ 391</u>	<u>\$ (3,340)</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, 2021			Six months ended June 30, 2020		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 29,072	130	\$ 29,202	\$ 18,474	116	\$ 18,590
Operating expenses (income)	33,066	(287)	32,779	32,693	(3,937)	28,756
Operating income (loss)	(3,994)	417	(3,577)	(14,219)	4,053	(10,166)
Income (loss) before taxes on income	(4,751)	417	(4,334)	(15,648)	4,053	(11,595)
Net income (loss)	<u>(5,225)</u>	<u>417</u>	<u>(4,808)</u>	<u>(15,980)</u>	<u>4,053</u>	<u>(11,927)</u>
Earnings (loss) per share (basic and diluted)	<u>\$ (0.09)</u>	<u>\$ 0.01</u>	<u>\$ (0.08)</u>	<u>\$ (0.29)</u>	<u>\$ 0.08</u>	<u>\$ (0.21)</u>
Weighted average number of shares used in computing earnings per share						
Basic and Diluted	<u>56,269,941</u>		<u>56,269,941</u>	<u>55,499,300</u>		<u>55,499,300</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 and related litigation, net, trade secrets and other litigation expenses and restructuring costs.

	Six months ended June 30, 2021		Six months ended June 30, 2020	
		Unaudited		Unaudited
GAAP net loss	\$	(5,225)	\$	(15,980)
Gross profit				
Non-cash stock-based compensation expenses		120		106
Amortization of intangible assets related to acquisition transactions		10		10
		<u>130</u>		<u>116</u>
Operating expenses				
Non-cash stock-based compensation expenses		186		601
Amortization of intangible assets related to acquisition transactions		101		101
Trade secrets and other litigation expenses		-		11
Merger, acquisition and related litigation expense, net		-		2,951
Restructuring costs		-		273
		<u>287</u>		<u>3,937</u>
Non-GAAP net loss	\$	<u>(4,808)</u>	\$	<u>(11,927)</u>

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

ADJUSTED EBITDA:

	Six months ended		Three months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
GAAP operating loss	\$ (3,994)	\$ (14,219)	\$ (337)	\$ (3,454)
Add:				
Non-cash stock-based compensation expenses	306	707	465	284
Trade secrets and other litigation expenses	-	11	-	-
Restructuring and re-organization costs	-	273	-	-
Merger, acquisition and related litigation expense, net	-	2,951	-	546
Depreciation and amortization (*)	4,758	5,382	2,373	2,718
Adjusted EBITDA	\$ 1,070	\$ (4,895)	\$ 2,501	\$ 94

(*) Including amortization of lease incentive

SEGMENT REVENUE:

	Six months ended		Three months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Fixed Networks	\$ 56,127	\$ 44,790	\$ 30,825	\$ 21,779
Mobility Solutions	31,002	33,207	19,923	14,006
Terrestrial Infrastructure Projects	14,507	7,991	6,175	2,530
Total revenue	\$ 101,636	\$ 85,988	\$ 56,923	\$ 38,315

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

	<u>June 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>	<u>Audited</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 57,882	\$ 88,754
Short-term deposits	2,159	-
Restricted cash	21,910	27,162
Trade receivables, net	33,009	27,976
Contract assets	23,830	41,573
Inventories	29,644	31,304
Other current assets	22,508	16,637
	<hr/>	<hr/>
Total current assets	190,942	233,406
	<hr/>	<hr/>
LONG-TERM ASSETS:		
Restricted cash	13	42
Severance pay funds	6,616	6,665
Tax assets	2,489	2,482
Deferred taxes	16,621	16,813
Operating lease right-of-use assets	4,338	4,879
Other long term receivables	8,691	7,797
	<hr/>	<hr/>
Total long-term assets	38,768	38,678
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, NET	76,584	77,172
	<hr/>	<hr/>
INTANGIBLE ASSETS, NET	861	1,082
	<hr/>	<hr/>
GOODWILL	43,468	43,468
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 350,623</u>	<u>\$ 393,806</u>

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

	<u>June 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>	<u>Audited</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term loans	\$ -	\$ 4,000
Trade payables	19,705	20,487
Accrued expenses	48,359	46,387
Advances from customers and deferred revenues	23,881	26,244
Operating lease liabilities	1,800	1,911
Dividend payable	-	35,003
Other current liabilities	14,319	13,322
	<u>108,064</u>	<u>147,354</u>
LONG-TERM LIABILITIES:		
Accrued severance pay	6,959	7,136
Long-term advances from customers	4,184	1,890
Operating lease liabilities	2,584	2,985
Other long-term liabilities	118	631
	<u>13,845</u>	<u>12,642</u>
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,705	2,647
Additional paid-in capital	928,874	928,626
Accumulated other comprehensive loss	(6,194)	(6,017)
Accumulated deficit	(696,671)	(691,446)
	<u>228,714</u>	<u>233,810</u>
Total shareholders' equity	<u>228,714</u>	<u>233,810</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 350,623</u>	<u>\$ 393,806</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,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Cash flows from operating activities:				
Net loss	\$ (5,225)	\$ (15,980)	\$ (129)	\$ (4,225)
Adjustments required to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	4,646	5,271	2,316	2,667
Capital loss from disposal of property and equipment	-	23	-	56
Stock-based compensation of options	306	707	465	284
Accrued severance pay, net	(128)	26	(118)	(17)
Deferred taxes, net	185	140	(333)	(494)
Decrease (increase) in trade receivables, net	(7,068)	18,364	(5,135)	4,757
Decrease (increase) in contract assets	17,743	(8,362)	22,230	(3,511)
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	(4,009)	6,710	(3,789)	5,037
Decrease (increase) in inventories	1,774	(5,698)	3,986	937
Decrease in trade payables	(790)	(510)	(1,740)	(2,885)
Increase (decrease) in accrued expenses	1,693	(5,809)	724	(4,157)
Decrease in advance from customers and deferred revenue	(191)	(5,725)	(7,879)	(2,898)
Increase (decrease) in current and non current liabilities	(194)	685	(2,197)	(2,126)
Net cash provided by (used in) operating activities	8,742	(10,158)	8,401	(6,575)
Cash flows from investing activities:				
Purchase of property and equipment	(3,572)	(1,879)	(2,089)	(928)
Investment in short term deposits	(2,159)	-	(2,159)	-
Net cash used in investing activities	(5,731)	(1,879)	(4,248)	(928)
Cash flows from financing activities:				
Dividend payment	(35,003)	-	-	-
Repayment of long-term loans	(4,000)	(4,096)	-	-
Net cash used in financing activities	(39,003)	(4,096)	-	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(161)	(539)	93	156
Increase (decrease) in cash, cash equivalents and restricted cash	(36,153)	(16,672)	4,246	(7,347)
Cash, cash equivalents and restricted cash at the beginning of the period	115,958	101,969	75,559	92,644
Cash, cash equivalents and restricted cash at the end of the period	\$ 79,805	\$ 85,297	\$ 79,805	\$ 85,297