

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

	Three months ended		Nine months ended	
	September, 30		September, 30	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Revenues	\$ 49,911	\$ 37,270	\$ 151,547	\$ 123,258
Cost of revenues	32,306	27,827	104,870	95,341
<b>Gross profit</b>	<b>17,605</b>	<b>9,443</b>	<b>46,677</b>	<b>27,917</b>
Research and development expenses	7,640	6,442	23,674	20,215
Less - grants	416	460	790	932
Research and development expenses, net	7,224	5,982	22,884	19,283
Selling and marketing expenses	5,359	3,687	15,827	12,337
General and administrative expenses	4,104	2,478	11,042	10,269
Merger, acquisition and related litigation expense, net	-	8,198	-	11,149
<b>Total operating expenses</b>	<b>16,687</b>	<b>20,345</b>	<b>49,753</b>	<b>53,038</b>
<b>Operating income (loss)</b>	<b>918</b>	<b>(10,902)</b>	<b>(3,076)</b>	<b>(25,121)</b>
Financial expenses, net	(701)	(286)	(1,458)	(1,715)
<b>Income (loss) before taxes on income</b>	<b>217</b>	<b>(11,188)</b>	<b>(4,534)</b>	<b>(26,836)</b>
Taxes on income	49	363	523	695
<b>Net income (loss)</b>	<b>\$ 168</b>	<b>\$ (11,551)</b>	<b>\$ (5,057)</b>	<b>\$ (27,531)</b>
<b>Basic and Diluted earnings (loss) per share</b>	<b>\$ 0.00</b>	<b>\$ (0.21)</b>	<b>\$ (0.09)</b>	<b>\$ (0.50)</b>
<b>Weighted average number of shares used in computing earnings (loss) per share</b>				
Basic	<u>56,525,177</u>	<u>55,520,197</u>	<u>56,355,020</u>	<u>55,506,266</u>
Diluted	<u>56,958,250</u>	<u>55,520,197</u>	<u>56,355,020</u>	<u>55,506,266</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 September 30, 2021			Three months ended September 30, 2020		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 17,605	96	\$ 17,701	\$ 9,443	28	\$ 9,471
Operating expenses (income)	16,687	(448)	16,239	20,345	(8,950)	11,395
Operating income (loss)	918	544	1,462	(10,902)	8,978	(1,924)
Income (loss) before taxes on income	217	544	761	(11,188)	8,978	(2,210)
Net income (loss)	<b>168</b>	<b>544</b>	<b>712</b>	<b>(11,551)</b>	<b>8,978</b>	<b>(2,573)</b>
Earnings (loss) per share (basic and diluted)	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.21)</b>	<b>\$ 0.16</b>	<b>\$ (0.05)</b>
Weighted average number of shares used in computing earnings per share						
Basic	56,525,177		56,525,177	55,520,197		55,520,197
Diluted	56,958,250		57,227,810	55,520,197		55,520,197

(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. and restructuring and re-organization costs

	Three months ended September 30, 2021 Unaudited	Three months ended September 30, 2020 Unaudited
GAAP net income (loss)	\$ 168	\$ (11,551)
Gross profit		
Non-cash stock-based compensation expenses	91	21
Amortization of intangible assets related to acquisition transactions	5	7
	<u>96</u>	<u>28</u>
Operating expenses		
Non-cash stock-based compensation expenses	398	259
Amortization of intangible assets related to acquisition transactions	50	49
Merger and acquisition and related litigation, net	-	8,198
Restructuring and re-organization costs	-	444
	<u>448</u>	<u>8,950</u>
Non-GAAP net income (loss)	<u>\$ 712</u>	<u>\$ (2,573)</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)

	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 46,677	226	\$ 46,903	\$ 27,917	144	\$ 28,061
Operating expenses (income)	49,753	(735)	49,018	53,038	(12,887)	40,151
Operating income (loss)	(3,076)	961	(2,115)	(25,121)	13,031	(12,090)
Income (loss) before taxes on income	(4,534)	961	(3,573)	(26,836)	13,031	(13,805)
Net income (loss)	<u>(5,057)</u>	<u>961</u>	<u>(4,096)</u>	<u>(27,531)</u>	<u>13,031</u>	<u>(14,500)</u>
Earnings (loss) per share (basic and diluted)	<u>\$ (0.09)</u>	<u>\$ 0.02</u>	<u>\$ (0.07)</u>	<u>\$ (0.50)</u>	<u>\$ 0.24</u>	<u>\$ (0.26)</u>

Weighted average number of shares used in computing earnings per share

Basic and Diluted	<u>56,355,020</u>	<u>56,355,020</u>	<u>55,506,266</u>	<u>55,506,266</u>
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(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 and re-organization costs .

	Nine months ended September 30, 2021 Unaudited	Nine months ended September 30, 2020 Unaudited
GAAP net loss	\$ (5,057)	\$ (27,531)
Gross profit		
Non-cash stock-based compensation expenses	211	127
Amortization of intangible assets related to acquisition transactions	15	17
	<u>226</u>	<u>144</u>
Operating expenses		
Non-cash stock-based compensation expenses	584	860
Amortization of intangible assets related to acquisition transactions	151	150
Trade secrets and other litigation expenses	-	11
Merger, acquisition and related litigation expense, net	-	11,149
Restructuring and re-organization costs	-	717
	<u>735</u>	<u>12,887</u>
Non-GAAP net loss	<u>\$ (4,096)</u>	<u>\$ (14,500)</u>

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

**ADJUSTED EBITDA:**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
GAAP operating profit (loss)	\$ 918	\$ (10,902)	\$ (3,076)	\$ (25,121)
Add:				
Non-cash stock-based compensation expenses	489	280	795	987
Trade secrets and other litigation expenses	-	-	-	11
Restructuring and re-organization costs	-	444	-	717
Merger, acquisition and related litigation expense, net	-	8,198	-	11,149
Depreciation and amortization (*)	2,608	2,542	7,365	7,924
<b>Adjusted EBITDA</b>	<b>\$ 4,015</b>	<b>\$ 562</b>	<b>\$ 5,084</b>	<b>\$ (4,333)</b>

(\*) Including amortization of lease incentive

**SEGMENT REVENUE:**

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
Fixed Networks	\$ 22,328	\$ 22,797	\$ 78,455	\$ 67,587
Mobility Solutions	21,624	9,210	52,626	42,417
Terrestrial Infrastructure Projects	5,959	5,263	20,466	13,254
<b>Total revenue</b>	<b>\$ 49,911</b>	<b>\$ 37,270</b>	<b>\$ 151,547</b>	<b>\$ 123,258</b>

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

	<u>September 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>	<u>Audited</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 63,774	\$ 88,754
Restricted cash	21,624	27,162
Trade receivables, net	29,705	27,976
Contract assets	24,469	41,573
Inventories	31,577	31,304
Other current assets	24,189	16,637
<b>Total current assets</b>	<u>195,338</u>	<u>233,406</u>
<b>LONG-TERM ASSETS:</b>		
Restricted cash	12	42
Severance pay funds	6,524	6,665
Deferred taxes	19,343	19,295
Operating lease right-of-use assets	4,129	4,879
Other long term receivables	6,474	7,797
<b>Total long-term assets</b>	<u>36,482</u>	<u>38,678</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>75,631</u>	<u>77,172</u>
<b>INTANGIBLE ASSETS, NET</b>	<u>750</u>	<u>1,082</u>
<b>GOODWILL</b>	<u>43,468</u>	<u>43,468</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 351,669</u>	<u>\$ 393,806</u>

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

	<u>September 30,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
	<u>Unaudited</u>	<u>Audited</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term loans	\$ -	\$ 4,000
Trade payables	17,767	20,487
Accrued expenses	47,722	46,387
Advances from customers and deferred revenues	29,550	26,244
Operating lease liabilities	1,804	1,911
Dividend payable	-	35,003
Other current liabilities	13,342	13,322
	<u>110,185</u>	<u>147,354</u>
<b>LONG-TERM LIABILITIES:</b>		
Accrued severance pay	6,819	7,136
Long-term advances from customers	3,022	1,890
Operating lease liabilities	2,325	2,985
Other long-term liabilities	120	631
	<u>12,286</u>	<u>12,642</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital - ordinary shares of NIS 0.2 par value	2,706	2,647
Additional paid-in capital	929,359	928,626
Accumulated other comprehensive loss	(6,364)	(6,017)
Accumulated deficit	(696,503)	(691,446)
	<u>229,198</u>	<u>233,810</u>
<b>Total shareholders' equity</b>	<u>229,198</u>	<u>233,810</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 351,669</u>	<u>\$ 393,806</u>

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 168	\$ (11,551)	\$ (5,057)	\$ (27,531)
<b>Adjustments required to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	2,556	2,486	7,202	7,757
Capital loss from disposal of property and equipment	-	11	-	34
Stock-based compensation of options	489	280	795	987
Accrued severance pay, net	(49)	11	(177)	37
Deferred taxes, net	(232)	(39)	(47)	101
Decrease (increase) in trade receivables, net	5,311	2,488	(1,757)	20,852
Decrease (increase) in contract assets	(639)	(6,042)	17,104	(14,404)
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	(1,476)	1,209	(5,485)	7,919
Decrease (increase) in inventories	(2,121)	548	(347)	(5,150)
Decrease in trade payables	(1,929)	(2,825)	(2,719)	(3,335)
Increase (decrease) in accrued expenses	(542)	5,616	1,151	(193)
Increase (decrease) in advance from customers and deferred revenue	4,560	1,609	4,369	(4,116)
Decrease in current and non current liabilities	(1,107)	(904)	(1,301)	(219)
<b>Net cash provided by (used in) operating activities</b>	<b>4,989</b>	<b>(7,103)</b>	<b>13,731</b>	<b>(17,261)</b>
<b>Cash flows from investing activities:</b>				
Purchase of property and equipment	(1,452)	(861)	(5,024)	(2,740)
Proceeds from short term deposits	2,159	-	-	-
<b>Net cash used in investing activities</b>	<b>707</b>	<b>(861)</b>	<b>(5,024)</b>	<b>(2,740)</b>
<b>Cash flows from financing activities:</b>				
Dividend payment	-	-	(35,003)	-
Repayment of long-term loans	-	-	(4,000)	(4,096)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>	<b>(39,003)</b>	<b>(4,096)</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(91)</b>	<b>(91)</b>	<b>(252)</b>	<b>(630)</b>
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>5,605</b>	<b>(8,055)</b>	<b>(30,548)</b>	<b>(24,727)</b>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>79,805</b>	<b>85,297</b>	<b>115,958</b>	<b>101,969</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 85,410</b>	<b>\$ 77,242</b>	<b>\$ 85,410</b>	<b>\$ 77,242</b>