

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	Unaudited		Unaudited	Audited
Revenues	\$ 67,271	\$ 42,627	\$ 218,818	\$ 165,885
Cost of revenues	42,328	29,329	147,198	124,670
<b>Gross profit</b>	<b>24,943</b>	<b>13,298</b>	<b>71,620</b>	<b>41,215</b>
Research and development expenses	9,357	7,474	33,031	27,689
Less - grants	905	454	1,695	1,386
Research and development expenses, net	8,452	7,020	31,336	26,303
Selling and marketing expenses	5,685	4,534	21,512	16,871
General and administrative expenses	4,545	3,794	15,587	14,063
Merger, acquisition and related litigation expenses (income), net	-	(64,782)	-	(53,633)
Impairment of held for sale asset	651	-	651	-
<b>Total operating expenses (income)</b>	<b>19,333</b>	<b>(49,434)</b>	<b>69,086</b>	<b>3,604</b>
<b>Operating income</b>	<b>5,610</b>	<b>62,732</b>	<b>2,534</b>	<b>37,611</b>
Financial expenses, net	264	192	1,722	1,907
<b>Income before taxes on income</b>	<b>5,346</b>	<b>62,540</b>	<b>812</b>	<b>35,704</b>
Taxes on income	2,969	98	3,492	793
<b>Net income (loss)</b>	<b>\$ 2,377</b>	<b>\$ 62,442</b>	<b>\$ (2,680)</b>	<b>\$ 34,911</b>
<b>Basic and Diluted earnings (loss) per share</b>	<b>\$ 0.04</b>	<b>\$ 1.12</b>	<b>\$ (0.05)</b>	<b>\$ 0.63</b>
<b>Weighted average number of shares used in computing earnings (loss) per share</b>				
Basic	<u>56,539,237</u>	<u>55,545,654</u>	<u>56,401,074</u>	<u>55,516,113</u>
Diluted	<u>56,627,907</u>	<u>55,815,099</u>	<u>56,401,074</u>	<u>55,583,474</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)**

	<b>Three months ended December 31, 2021</b>			<b>Three months ended December 31, 2020</b>		
	<b>GAAP</b>	<b>Adjustments (1)</b>	<b>Non-GAAP</b>	<b>GAAP</b>	<b>Adjustments (1)</b>	<b>Non-GAAP</b>
	<b>Unaudited</b>			<b>Unaudited</b>		
Gross profit	\$ 24,943	71	\$ 25,014	\$ 13,298	42	\$ 13,340
Operating expenses (income)	19,333	(1,147)	18,186	(49,434)	64,389	14,955
Operating income (loss)	5,610	1,218	6,828	62,732	(64,347)	(1,615)
Income (loss) before taxes on income	5,346	1,218	6,564	62,540	(64,347)	(1,807)
Net income (loss)	\$ <b>2,377</b>	3,517	\$ <b>5,894</b>	\$ <b>62,442</b>	(64,347)	\$ <b>(1,905)</b>
Earnings (loss) per share (basic and diluted)	\$ <b>0.04</b>	\$ 0.06	\$ <b>0.10</b>	\$ <b>1.12</b>	\$ (1.15)	\$ <b>(0.03)</b>
Weighted average number of shares used in computing earnings per share						
Basic	<u>56,539,237</u>		<u>56,539,237</u>	<u>55,545,654</u>		<u>55,545,654</u>
Diluted	<u>56,627,907</u>		<u>56,928,169</u>	<u>55,815,099</u>		<u>55,545,654</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, trade secrets and other litigation expenses, merger, acquisition and related litigation expenses (income), net , impairment of held for sale asset and one-time changes to deferred tax assets.

	<b>Three months ended December 31, 2021</b>	<b>Three months ended December 31, 2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
GAAP net income	\$ 2,377	\$ 62,442
Gross profit		
Non-cash stock-based compensation expenses	66	39
Amortization of intangible assets related to acquisition transactions	5	3
	<u>71</u>	<u>42</u>
Operating expenses		
Non-cash stock-based compensation expenses	445	254
Amortization of intangible assets related to acquisition transactions	51	54
Merger, acquisition and related litigation expenses (income), net	-	(64,782)
Impairment of held for sale asset	651	-
Trade secrets and other litigation expenses	-	85
	<u>1,147</u>	<u>(64,389)</u>
One-time changes to deferred tax assets	<u>2,299</u>	<u>-</u>
Non-GAAP net income (loss)	\$ 5,894	\$ (1,905)

**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, 2021			Twelve months ended December 31, 2020		
	GAAP	Adjustments (1)	Non-GAAP	GAAP	Adjustments (1)	Non-GAAP
	Unaudited			Audited	Unaudited	
Gross profit	\$ 71,620	297	\$ 71,917	\$ 41,215	186	\$ 41,401
Operating expenses	69,086	(1,882)	67,204	3,604	51,502	55,106
Operating income (loss)	2,534	2,179	4,713	37,611	(51,316)	(13,705)
Income (loss) before taxes on income	812	2,179	2,991	35,704	(51,316)	(15,612)
Net income (loss)	<u>(2,680)</u>	<u>4,478</u>	<u>1,798</u>	<u>34,911</u>	<u>(51,316)</u>	<u>(16,405)</u>
Earnings (loss) per share (basic and diluted)	<u>\$ (0.05)</u>	<u>\$ 0.08</u>	<u>\$ 0.03</u>	<u>\$ 0.63</u>	<u>\$ (0.93)</u>	<u>\$ (0.30)</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>56,401,074</u>		<u>56,401,074</u>	<u>55,516,113</u>		<u>55,516,113</u>
Diluted	<u>56,401,074</u>		<u>56,878,852</u>	<u>55,583,474</u>		<u>55,516,113</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, trade secrets and other litigation expenses, merger, acquisition and related litigation expenses (income), net, impairment of held for sale asset, restructuring and re-organization costs and one-time changes to deferred tax assets.

	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
	Unaudited	Unaudited
GAAP net income (loss)	\$ (2,680)	\$ 34,911
Gross profit		
Non-cash stock-based compensation expenses	277	166
Amortization of intangible assets related to acquisition transactions	20	20
	<u>297</u>	<u>186</u>
Operating expenses		
Non-cash stock-based compensation expenses	1,029	1,114
Amortization of intangible assets related to acquisition transactions	202	204
Merger, acquisition and related litigation expenses (income), net	-	(53,633)
Impairment of held for sale asset	651	-
Trade secrets and other litigation expenses	-	96
Restructuring and re-organization costs	-	717
	<u>1,882</u>	<u>(51,502)</u>
One-time changes to deferred tax assets	2,299	-
Non-GAAP net income (loss)	<u>\$ 1,798</u>	<u>\$ (16,405)</u>

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

**ADJUSTED EBITDA:**

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	Unaudited		Unaudited	
GAAP operating profit	\$ 5,610	\$ 62,732	\$ 2,534	\$ 37,611
Add:				
Non-cash stock-based compensation expenses	511	293	1,306	1,280
Trade secrets and other litigation expenses	-	85	-	96
Restructuring and re-organization costs	-	-	-	717
Merger, acquisition and related litigation expenses (income), net	-	(64,782)	-	(53,633)
Impairment of held for sale asset	651	-	651	-
Depreciation and amortization (*)	3,848	2,729	11,214	10,653
<b>Adjusted EBITDA</b>	<b>\$ 10,620</b>	<b>\$ 1,057</b>	<b>\$ 15,705</b>	<b>\$ (3,276)</b>

(\*) Including amortization of lease incentive

**SEGMENT REVENUE:**

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	Unaudited		Unaudited	Audited
Fixed Networks	\$ 36,994	\$ 25,085	\$ 115,449	\$ 92,671
Mobility Solutions	24,988	11,751	77,614	54,169
Terrestrial Infrastructure Projects	5,289	5,791	25,755	19,045
<b>Total revenue</b>	<b>\$ 67,271</b>	<b>\$ 42,627</b>	<b>\$ 218,818</b>	<b>\$ 165,885</b>

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

	<u>December 31,</u> <u>2021</u> <u>Unaudited</u>	<u>December 31,</u> <u>2020</u> <u>Audited</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 81,859	\$ 88,754
Short-term deposits	2,159	-
Restricted cash	2,592	27,162
Trade receivables, net	38,744	27,976
Contract assets	24,220	41,573
Inventories	28,432	31,304
Other current assets	14,607	16,637
Held for sale asset	4,587	-
<b>Total current assets</b>	<u>197,200</u>	<u>233,406</u>
<b>LONG-TERM ASSETS:</b>		
Restricted cash	12	42
Severance pay funds	6,795	6,665
Deferred taxes	17,551	19,295
Operating lease right-of-use assets	4,478	4,879
Other long term receivables	10,456	7,797
<b>Total long-term assets</b>	<u>39,292</u>	<u>38,678</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>72,391</u>	<u>77,172</u>
<b>INTANGIBLE ASSETS, NET</b>	<u>640</u>	<u>1,082</u>
<b>GOODWILL</b>	<u>43,468</u>	<u>43,468</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 352,991</u>	<u>\$ 393,806</u>

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

	<u>December 31,</u> <u>2021</u> <u>Unaudited</u>	<u>December 31,</u> <u>2020</u> <u>Audited</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term loans	\$ -	\$ 4,000
Trade payables	19,776	20,487
Accrued expenses	49,202	46,387
Advances from customers and deferred revenues	25,472	26,244
Operating lease liabilities	1,818	1,911
Dividend payable	-	35,003
Other current liabilities	13,339	13,322
<b>Total current liabilities</b>	<u>109,607</u>	<u>147,354</u>
<b>LONG-TERM LIABILITIES:</b>		
Accrued severance pay	7,292	7,136
Long-term advances from customers	1,595	1,890
Operating lease liabilities	2,283	2,985
Other long-term liabilities	120	631
<b>Total long-term liabilities</b>	<u>11,290</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	929,871	928,626
Accumulated other comprehensive loss	(6,357)	(6,017)
Accumulated deficit	(694,126)	(691,446)
<b>Total shareholders' equity</b>	<u>232,094</u>	<u>233,810</u>
<b><u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>	<u>\$ 352,991</u>	<u>\$ 393,806</u>

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	Unaudited		Unaudited	Audited
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 2,377	\$ 62,442	\$ (2,680)	\$ 34,911
Adjustments required to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	3,789	2,534	10,991	10,291
Capital loss from disposal of property and equipment and impairment of held for sale asset	651	147	651	181
Stock-based compensation of options	511	293	1,306	1,282
Accrued severance pay, net	203	205	26	242
Deferred taxes, net	1,694	(966)	1,647	(867)
Decrease (increase) in trade receivables, net	(9,032)	(1,520)	(10,789)	19,332
Decrease (increase) in contract assets	249	(3,471)	17,353	(17,875)
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	5,238	1,021	(247)	8,941
Decrease (increase) in inventories	2,796	100	2,449	(5,050)
Increase (decrease) in trade payables	2,007	3,178	(712)	(157)
Increase (decrease) in accrued expenses	861	(7,356)	2,012	(7,549)
Increase (decrease) in advance from customers and deferred revenue	(5,491)	2,218	(1,122)	(1,898)
Increase (decrease) in current and non current liabilities	(681)	1,596	(1,982)	1,376
<b>Net cash provided by operating activities</b>	<b>5,172</b>	<b>60,421</b>	<b>18,903</b>	<b>43,160</b>
<b>Cash flows from investing activities:</b>				
Purchase of property and equipment	(3,909)	(1,976)	(8,933)	(4,716)
Investment in short term deposits	(2,159)	-	(2,159)	-
<b>Net cash used in investing activities</b>	<b>(6,068)</b>	<b>(1,976)</b>	<b>(11,092)</b>	<b>(4,716)</b>
<b>Cash flows from financing activities:</b>				
Dividend payment	-	(19,999)	(35,003)	(19,999)
Repayment of long-term loans	-	-	(4,000)	(4,096)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(19,999)</b>	<b>(39,003)</b>	<b>(24,095)</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(51)</b>	<b>270</b>	<b>(303)</b>	<b>(360)</b>
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>(947)</b>	<b>38,716</b>	<b>(31,495)</b>	<b>13,989</b>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>85,410</b>	<b>77,242</b>	<b>115,958</b>	<b>101,969</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 84,463</b>	<b>\$ 115,958</b>	<b>\$ 84,463</b>	<b>\$ 115,958</b>