

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

	<b>Three months ended</b>	
	<b>March, 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>Unaudited</b>	
Revenues	\$ 62,109	\$ 67,374
Cost of revenues	38,539	45,987
<b>Gross profit</b>	<b>23,570</b>	<b>21,387</b>
Research and development expenses	8,857	8,446
Less - grants	555	467
Research and development expenses, net	8,302	7,979
Selling and marketing expenses	5,871	5,413
General and administrative expenses	4,942	4,335
<b>Total operating expenses</b>	<b>19,115</b>	<b>17,727</b>
<b>Operating income</b>	<b>4,455</b>	<b>3,660</b>
Financial expenses, net	(821)	(583)
<b>Income before taxes on income</b>	<b>3,634</b>	<b>3,077</b>
Taxes on income	810	766
<b>Net income</b>	<b>\$ 2,824</b>	<b>\$ 2,311</b>
<b>Basic and Diluted earnings per share</b>	<b>\$ 0.05</b>	<b>\$ 0.04</b>
<b>Weighted average number of shares used in computing earnings per share</b>		
Basic	55,197,588	54,765,456
Diluted	55,959,504	55,590,362

**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 March 31, 2019			Three months ended March 31, 2018		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 23,570	326	\$ 23,896	\$ 21,387	1,200	\$ 22,587
Operating expenses	19,115	(829)	18,286	17,727	(263)	17,464
Operating income	4,455	1,155	5,610	3,660	1,463	5,123
Income before taxes on income	3,634	1,155	4,789	3,077	1,463	4,540
Net income	<u>2,824</u>	<u>1,155</u>	<u>3,979</u>	<u>2,311</u>	<u>1,463</u>	<u>3,774</u>
Earnings per share (basic and diluted)	<u>\$ 0.05</u>	<u>\$ 0.02</u>	<u>\$ 0.07</u>	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.07</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>55,197,588</u>		<u>55,197,588</u>	<u>54,765,456</u>		<u>54,765,456</u>
Diluted	<u>55,959,504</u>		<u>56,142,723</u>	<u>55,590,362</u>		<u>55,816,038</u>

(1) Adjustments reflect the effect of non-cash stock-based compensation as per ASC 718 and amortization of intangible assets related to shares acquisition transactions.

	Three months ended March 31, 2019	Three months ended March 31, 2018
	Unaudited	Unaudited
GAAP net income	\$ 2,824	\$ 2,311
Gross profit		
Non-cash stock-based compensation expenses	94	6
Amortization of intangible assets related to acquisition transactions	<u>232</u>	<u>1,194</u>
	<u>326</u>	<u>1,200</u>
Operating expenses		
Non-cash stock-based compensation expenses	777	212
Amortization of intangible assets related to acquisition transactions	<u>52</u>	<u>51</u>
Non-GAAP net income	<u>\$ 3,979</u>	<u>\$ 3,774</u>

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

**ADJUSTED EBITDA:**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Unaudited</b>	
GAAP operating income	\$ 4,455	\$ 3,660
Add:		
Non-cash stock-based compensation expenses	871	218
Depreciation and amortization (*)	2,877	3,650
<b>Adjusted EBITDA</b>	<b>\$ 8,203</b>	<b>\$ 7,528</b>

(\*) including amortization of lease incentive

**SEGMENT REVENUE:**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>Unaudited</b>	
Fixed Networks	\$ 36,428	\$ 37,614
Mobility Solutions	20,912	20,758
Terrestrial Infrastructure Projects	4,769	9,002
<b>Total revenue</b>	<b>\$ 62,109</b>	<b>\$ 67,374</b>

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

	<u>March 31,</u> <u>2019</u> <u>Unaudited</u>	<u>December 31,</u> <u>2018</u> <u>Audited</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 69,109	\$ 67,381
Restricted cash	32,428	32,305
Restricted cash held by trustees	2,649	4,372
Trade receivables, net	40,049	47,164
Contract assets	47,504	47,760
Inventories	24,379	21,109
Other current assets	26,912	26,022
<b>Total current assets</b>	<u>243,030</u>	<u>246,113</u>
<b>LONG-TERM INVESTMENTS AND RECEIVABLES:</b>		
Long-term restricted cash	149	146
Severance pay funds	6,607	6,780
Long term deferred tax assets	3,445	4,127
Operating lease right-of-use assets	4,983	-
Other long term receivables	8,264	7,276
<b>Total long-term investments and receivables</b>	<u>23,448</u>	<u>18,329</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>83,210</u>	<u>84,403</u>
<b>INTANGIBLE ASSETS, NET</b>	<u>2,095</u>	<u>2,434</u>
<b>GOODWILL</b>	<u>43,468</u>	<u>43,468</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 395,251</u>	<u>\$ 394,747</u>

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

	<u>March 31,</u> <u>2019</u> <u>Unaudited</u>	<u>December 31,</u> <u>2018</u> <u>Audited</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term loans	\$ 4,433	\$ 4,458
Trade payables	23,726	24,636
Accrued expenses	64,369	67,533
Advances from customers and deferred revenues	26,335	29,133
Operating lease right-of-use liabilities	1,727	-
Dividend payable	24,862	-
Other current liabilities	15,606	14,588
<b>Total current liabilities</b>	<u>161,058</u>	<u>140,348</u>
<b>LONG-TERM LIABILITIES:</b>		
Accrued severance pay	6,761	6,649
Long-term loans, net of current maturities	4,000	8,098
Operating lease right-of-use liabilities	3,277	-
Other long-term liabilities	580	580
<b>Total long-term liabilities</b>	<u>14,618</u>	<u>15,327</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital - ordinary shares of NIS 0.2 par value	2,629	2,625
Additional paid-in capital	926,061	924,856
Accumulated other comprehensive loss	(4,047)	(5,380)
Accumulated deficit	(705,068)	(683,029)
<b>Total shareholders' equity</b>	<u>219,575</u>	<u>239,072</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 395,251</u>	<u>\$ 394,747</u>

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

	Three months ended	
	March 31,	
	2019	2018
	Unaudited	
<b><u>Cash flows from operating activities:</u></b>		
Net income	\$ 2,824	\$ 2,311
<b>Adjustments required to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	2,822	3,650
Stock-based compensation of options	871	218
Accrued severance pay, net	285	88
Exchange rate differences on long-term loans	-	30
Deferred income taxes, net	683	12
Decrease in trade receivables, net	7,831	18,417
Decrease (increase) in contract assets	(430)	17,092
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	(79)	714
Increase in inventories	(3,659)	(1,445)
Decrease in trade payables	(922)	(8,272)
Decrease in accrued expenses	(2,169)	(2,007)
Decrease in advance from customers	(3,087)	(4,902)
Decrease in advances from customers, held by trustees	-	(1,478)
Increase in other current liabilities and other long term liabilities	863	1,564
<b>Net cash provided by operating activities</b>	<b>5,833</b>	<b>25,992</b>
<b><u>Cash flows from investing activities:</u></b>		
Purchase of property and equipment	(2,014)	(2,861)
<b>Net cash used in investing activities</b>	<b>(2,014)</b>	<b>(2,861)</b>
<b><u>Cash flows from financing activities:</u></b>		
Exercise of stock options	338	306
Repayment of long-term loans	(4,123)	(4,000)
<b>Net cash used in financing activities</b>	<b>(3,785)</b>	<b>(3,694)</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>97</b>	<b>296</b>
<b>Increase in cash, cash equivalents and restricted cash</b>	<b>131</b>	<b>19,733</b>
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>104,204</b>	<b>86,757</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 104,335</b>	<b>\$ 106,490</b>
<b>Supplementary disclosure of cash flows activities:</b>		
Non-cash transactions:		
Declaration of cash dividend not yet distributed	\$ 24,862	\$ -