

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

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	Unaudited	Audited	Unaudited	
Revenues	\$ 263,492	\$ 266,391	\$ 78,314	\$ 69,729
Cost of revenues	167,615	172,354	51,246	43,715
<b>Gross profit</b>	<b>95,877</b>	<b>94,037</b>	<b>27,068</b>	<b>26,014</b>
Research and development expenses	32,208	34,449	8,120	9,169
Less - grants	2,024	1,426	414	222
Research and development expenses, net	30,184	33,023	7,706	8,947
Selling and marketing expenses	21,488	22,706	5,156	5,497
General and administrative expenses	18,633	17,024	4,967	4,061
<b>Total operating expenses</b>	<b>70,305</b>	<b>72,753</b>	<b>17,829</b>	<b>18,505</b>
<b>Operating income</b>	<b>25,572</b>	<b>21,284</b>	<b>9,239</b>	<b>7,509</b>
Financial expenses, net	2,617	4,298	677	1,132
<b>Income before taxes on income</b>	<b>22,955</b>	<b>16,986</b>	<b>8,562</b>	<b>6,377</b>
Taxes on income (tax benefit)	(13,583)	(1,423)	(15,459)	1,082
<b>Net income</b>	<b>\$ 36,538</b>	<b>\$ 18,409</b>	<b>\$ 24,021</b>	<b>\$ 5,295</b>
<b>Basic earnings per share</b>	<b>\$ 0.66</b>	<b>\$ 0.34</b>	<b>\$ 0.43</b>	<b>\$ 0.10</b>
<b>Diluted earnings per share</b>	<b>\$ 0.65</b>	<b>\$ 0.33</b>	<b>\$ 0.43</b>	<b>\$ 0.09</b>
<b>Weighted average number of shares used in computing earnings per share</b>				
Basic	55,368,703	54,927,272	55,485,961	55,134,977
Diluted	56,030,976	55,752,642	56,034,744	55,962,447

**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 December 31, 2019			Three months ended December 31, 2018		
	GAAP	Adjustments (1) Unaudited	Non-GAAP	GAAP	Adjustments (1) Unaudited	Non-GAAP
Gross profit	\$ 27,068	70	\$ 27,138	\$ 26,014	269	\$ 26,283
Operating expenses	17,829	(550)	17,279	18,505	(91)	18,414
Operating income	9,239	620	9,859	7,509	360	7,869
Income before taxes on income	8,562	620	9,182	6,377	360	6,737
Net income	\$ <b>24,021</b>	(14,908)	\$ <b>9,113</b>	\$ <b>5,295</b>	360	\$ <b>5,655</b>
Basic earnings per share	\$ <b>0.43</b>	\$ (0.27)	\$ <b>0.16</b>	\$ <b>0.10</b>	\$ -	\$ <b>0.10</b>
Diluted earnings per share	\$ <b>0.43</b>	\$ (0.27)	\$ <b>0.16</b>	\$ <b>0.09</b>	\$ 0.01	\$ <b>0.10</b>
Weighted average number of shares used in computing earnings per share						
Basic	<u>55,485,961</u>		<u>55,485,961</u>	<u>55,134,977</u>		<u>55,134,977</u>
Diluted	<u>56,034,744</u>		<u>56,122,960</u>	<u>55,962,447</u>		<u>56,160,425</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, re-organization costs, merger and acquisition costs and initial recognition of deferred tax asset with respect to carry forward losses.

	Three months ended December 31, 2019 Unaudited	Three months ended December 31, 2018 Unaudited
GAAP net income	\$ 24,021	\$ 5,295
Gross profit		
Non-cash stock-based compensation expenses	58	37
Amortization of intangible assets related to acquisition transactions	12	232
	<u>70</u>	<u>269</u>
Operating expenses		
Non-cash stock-based compensation expenses	347	239
Amortization of intangible assets related to acquisition transactions	49	52
Trade secrets and other litigation expenses (income)	36	(200)
Merger and acquisition costs	118	-
	<u>550</u>	<u>91</u>
Tax benefit	(15,528)	-
Non-GAAP net income	\$ 9,113	\$ 5,655

**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, 2019			Twelve months ended December 31, 2018		
	GAAP	Adjustments (1)	Non-GAAP	GAAP	Adjustments (1)	Non-GAAP
	Unaudited			Unaudited		
Gross profit	\$ 95,877	776	\$ 96,653	\$ 94,037	2,967	\$ 97,004
Operating expenses	70,305	(2,890)	67,415	72,753	(896)	71,857
Operating income	25,572	3,666	29,238	21,284	3,863	25,147
Income before taxes on income	22,955	3,666	26,621	16,986	3,863	20,849
Net income	\$ 36,538	(11,862)	\$ 24,676	\$ 18,409	(248)	\$ 18,161
Basic earnings per share	\$ 0.66	\$ (0.21)	\$ 0.45	\$ 0.34	\$ (0.01)	\$ 0.33
Diluted earnings per share	\$ 0.65	\$ (0.21)	\$ 0.44	\$ 0.33	\$ (0.01)	\$ 0.32
Weighted average number of shares used in computing earnings per share						
Basic	55,368,703		55,368,703	54,927,272		54,927,272
Diluted	56,030,976		56,165,945	55,752,642		55,962,811

(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, re-organization costs, merger and acquisition costs and initial recognition of deferred tax asset with respect to carry forward losses.

	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018
	Unaudited	Unaudited
GAAP net income	\$ 36,538	\$ 18,409
Gross profit		
Non-cash stock-based compensation expenses	257	114
Amortization of intangible assets related to acquisition transactions	490	2,853
Re-organization costs	29	-
	<u>776</u>	<u>2,967</u>
Operating expenses		
Non-cash stock-based compensation expenses	1,878	892
Amortization of intangible assets related to acquisition transactions	203	204
Trade secrets and other litigation expenses (income)	136	(200)
Merger and acquisition costs	118	-
Re-organization costs	555	-
	<u>2,890</u>	<u>896</u>
Tax benefit	(15,528)	(4,111)
Non-GAAP net income	\$ 24,676	\$ 18,161

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

**ADJUSTED EBITDA:**

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	Unaudited		Unaudited	
GAAP operating income	\$ 25,572	\$ 21,284	\$ 9,239	\$ 7,509
Add (deduct):				
Non-cash stock-based compensation expenses	2,135	1,006	405	276
Re-organization costs	584	-	-	-
Trade secrets and other litigation expenses (income)	136	(200)	36	(200)
Merger and acquisition costs	118	-	118	-
Depreciation and amortization (*)	11,676	13,149	3,263	2,944
<b>Adjusted EBITDA</b>	<b>\$ 40,221</b>	<b>\$ 35,239</b>	<b>\$ 13,061</b>	<b>\$ 10,529</b>

(\*) including amortization of lease incentive

**SEGMENT REVENUE:**

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	Unaudited		Unaudited	
Fixed Networks	\$ 127,265	\$ 144,208	\$ 33,161	\$ 35,421
Mobility Solutions	104,665	97,180	34,050	29,555
Terrestrial Infrastructure Projects	31,562	25,003	11,103	4,753
<b>Total revenue</b>	<b>\$ 263,492</b>	<b>\$ 266,391</b>	<b>\$ 78,314</b>	<b>\$ 69,729</b>

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

	<u>December 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	\$ 74,778	\$ 67,381
Restricted cash	27,067	32,305
Restricted cash held by trustees	-	4,372
Trade receivables, net	47,731	47,164
Contract assets	23,698	47,760
Inventories	27,203	21,109
Other current assets	23,007	26,022
<b>Total current assets</b>	<u>223,484</u>	<u>246,113</u>
<b>LONG-TERM ASSETS:</b>		
Long-term restricted cash	124	146
Severance pay funds	6,831	6,780
Deferred taxes	18,455	4,127
Operating lease right-of-use asset	5,211	-
Other long term receivables	10,156	7,276
<b>Total long-term assets</b>	<u>40,777</u>	<u>18,329</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>82,584</u>	<u>84,403</u>
<b>INTANGIBLE ASSETS, NET</b>	<u>1,523</u>	<u>2,434</u>
<b>GOODWILL</b>	<u>43,468</u>	<u>43,468</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 391,836</u>	<u>\$ 394,747</u>

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

	<u>December 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	\$ 4,096	\$ 4,458
Trade payables	20,725	24,636
Accrued expenses	54,676	67,533
Advances from customers and deferred revenues	27,220	29,133
Operating lease liability	1,977	-
Other current liabilities	12,261	14,588
<b>Total current liabilities</b>	<u>120,955</u>	<u>140,348</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-term loans, net of current maturities	4,000	8,098
Accrued severance pay	7,061	6,649
Long-term advances from customers	2,866	-
Operating lease liability	3,258	-
Other long-term liabilities	108	580
<b>Total long-term liabilities</b>	<u>17,293</u>	<u>15,327</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital - ordinary shares of NIS 0.2 par value	2,643	2,625
Additional paid-in capital	927,348	924,856
Accumulated other comprehensive loss	(5,048)	(5,380)
Accumulated deficit	(671,355)	(683,029)
<b>Total shareholders' equity</b>	<u>253,588</u>	<u>239,072</u>
<b><u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>	<u>\$ 391,836</u>	<u>\$ 394,747</u>

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

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	Unaudited	Audited	Unaudited	
<b>Cash flows from operating activities:</b>				
Net income	\$ 36,538	\$ 18,409	\$ 24,021	\$ 5,295
Adjustments required to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	10,978	13,149	2,730	2,944
Capital loss from disposal of property and equipment	461	761	461	665
Stock-based compensation of options	2,135	1,006	405	276
Accrued severance pay, net	361	57	16	12
Exchange rate differences on long-term loans	(12)	(34)	(12)	(10)
Deferred income taxes, net	(12,555)	(3,672)	(13,636)	744
Decrease (increase) in trade receivables, net	(1,323)	2,061	(1,464)	(9,355)
Decrease (increase) in contract assets	24,062	11,029	(1,346)	236
Decrease (increase) in other assets (including short-term, long-term and deferred charges)	(817)	(4,917)	603	1,007
Decrease (increase) in inventories	(8,076)	5,257	(391)	4,423
Increase (decrease) in trade payables	(3,884)	(8,926)	631	3,323
Decrease in accrued expenses	(11,671)	(7,206)	(2,767)	(2,283)
Increase (decrease) in advance from customers and deferred revenues	1,112	12,433	10,019	(2,703)
Decrease in advances from customers, held by trustees	-	(1,478)	-	-
Decrease (increase) in other current and non current liabilities	(2,527)	(5,912)	765	(584)
<b>Net cash provided by operating activities</b>	<b>34,782</b>	<b>32,017</b>	<b>20,035</b>	<b>3,990</b>
<b>Cash flows from investing activities:</b>				
Purchase of property and equipment	(7,982)	(10,759)	(2,333)	(2,854)
<b>Net cash used in investing activities</b>	<b>(7,982)</b>	<b>(10,759)</b>	<b>(2,333)</b>	<b>(2,854)</b>
<b>Cash flows from financing activities:</b>				
Exercise of stock options	375	2,149	-	511
Repayment of long-term loans	(4,447)	(4,470)	(94)	(114)
Dividend payment	(24,864)	-	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(28,936)</b>	<b>(2,321)</b>	<b>(94)</b>	<b>397</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(99)	(1,490)	136	(652)
Increase (decrease) in cash, cash equivalents and restricted cash	(2,235)	17,447	17,744	881
Cash, cash equivalents and restricted cash at the beginning of the period	104,204	86,757	84,225	103,323
Cash, cash equivalents and restricted cash at the end of the period	\$ 101,969	\$ 104,204	\$ 101,969	\$ 104,204