



# Investor Presentation

## Q3 Fiscal Year 2020

This presentation reflects  
information as of June 3, 2020



# Cautionary Statement Regarding Forward-Looking Statements

Certain information in this presentation contains forward-looking statements, including, but not limited to, information relating to Comtech's and Gilat's future performance and financial condition, plans and objectives of Comtech's management and Gilat's management and Comtech's and Gilat's assumptions regarding such future performance, financial condition and plans and objectives that involve certain significant known and unknown risks and uncertainties and other factors not under Comtech's or Gilat's control which may cause their actual results, future performance and financial condition, and achievement of plans and objectives of Comtech's management and Gilat's management to be materially different from the results, performance or other expectations implied by these forward-looking statements. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. Forward-looking statements could be affected by factors including, without limitation: the risk that the acquisitions of Gilat Satellite Networks Ltd. ("Gilat") and UHP Networks Inc. and its sister company (together, "UHP") may not be consummated for reasons including that the conditions precedent to the completion of the acquisitions may not be satisfied or the occurrence of any event change or circumstances could give rise to the termination of the agreement; the risk that regulatory approvals will not be obtained; the possibility that the expected synergies from recent or pending acquisitions will not be fully realized, or will not be realized within the anticipated time periods; the risk that acquired businesses will not be integrated with Comtech successfully; the possibility of disruption from recent or pending acquisitions making it more difficult to maintain business and operational relationships or retain key personnel; the risk that Comtech will be unsuccessful in implementing a tactical shift in its Government Solutions segment away from bidding on large commodity service contracts and toward pursuing contracts for its niche products with higher margins; the nature and timing of receipt of, and Comtech's performance on, new or existing orders that can cause significant fluctuations in net sales and operating results; the timing and funding of government contracts; adjustments to gross profits on long-term contracts; risks associated with international sales; rapid technological change; evolving industry standards; new product announcements and enhancements, including the risks associated with expanding sales of Comtech's Heights™ Networking Platform ("Heights"); changing customer demands and or procurement strategies; changes in prevailing economic and political conditions; changes in the price of oil in global markets; changes in foreign currency exchange rates; risks associated with legal proceedings, customer claims for indemnification and other similar matters; risks associated with Comtech's obligations under its Credit Facility; risks associated with large contracts; risks associated with the COVID-19 pandemic; and other factors described in this and Comtech's and Gilat's other filings with the SEC. Neither Comtech nor Gilat undertakes any duty to update any forward-looking statements contained herein.



# Use of Non-GAAP Financial Measures

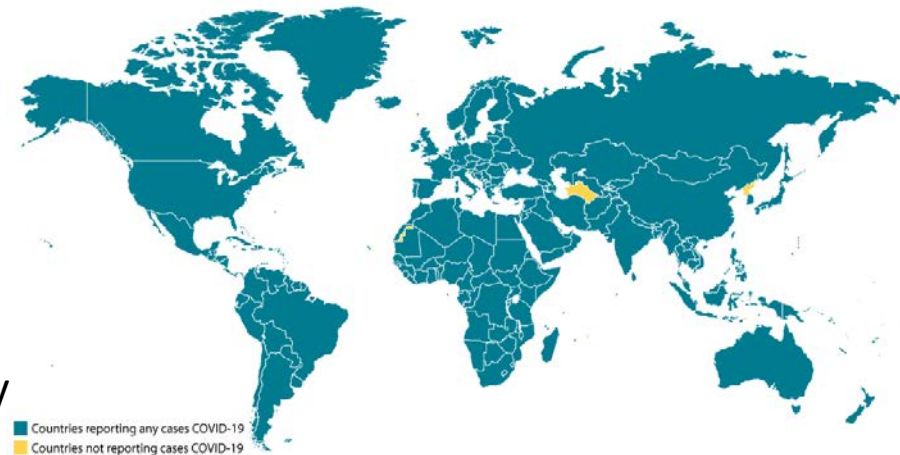
In order to provide investors with additional information regarding the Company's and Gilat's financial results, this presentation contains "Non-GAAP financial measures" under the rules of the SEC. The Company's and Gilat's Adjusted EBITDA is a Non-GAAP measure that represents earnings (loss) before income taxes, interest (income) and other, write-off of deferred financing costs, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, estimated contract settlement costs, settlement of intellectual property litigation, acquisition plan expenses, facility exit costs and strategic alternatives analysis expenses and other. The Company's and Gilat's definition of Adjusted EBITDA may differ from the definition of EBITDA or Adjusted EBITDA used by other companies and therefore may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is also a measure frequently requested by the Company's and Gilat's investors and analysts. The Company and Gilat believe that investors and analysts may use Adjusted EBITDA, along with other information contained in their SEC filings, in assessing the Company's or Gilat's performance and comparability of its results with other companies.

The Company's and Gilat's Non-GAAP measures reflect the GAAP measures as reported, adjusted for certain items as described in Appendix II. These Non-GAAP financial measures have limitations as an analytical tool as they exclude the financial impact of transactions necessary to conduct the Company's and Gilat's business, such as the granting of equity compensation awards, and are not intended to be an alternative to financial measures prepared in accordance with GAAP. These measures are adjusted as described in the reconciliation of GAAP to Non-GAAP in Appendix II, but these adjustments should not be construed as an inference that all of these adjustments or costs are unusual, infrequent or non-recurring. Non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, financial measures determined in accordance with GAAP. Investors are advised to carefully review the GAAP financial results that are disclosed in the Company's and Gilat's SEC filings.



# Comtech – Impact of COVID-19

- Our third quarter of fiscal 2020 corresponded precisely with the period in which worldwide restrictions on business activities were in force due to the COVID-19 pandemic.
- In response to lower sales and delayed orders, we implemented a variety of cost saving measures, including reducing global headcount by approximately 10%, reducing salaries, suspending merit increases and eliminating certain discretionary expenses. Severance costs relating to these actions were not material and our cost reduction efforts continue.
- While deemed an essential business by the U.S. government, for the safety of our employees, customers, partners and suppliers, we implemented remote working arrangements, curtailed most business travel, and established social distancing safeguards at our facilities.
- We believe that the pandemic's worst impact on our business is largely behind us.
- Our long-term fundamentals remain strong as we continue to believe we are well-positioned for growth as business conditions meaningfully improve.



# Comtech - Connections that Matter®

- We are a market leader in the growing secure wireless communications market
  - Satellite Ground Station Technologies
  - Public Safety and Location Technologies
  - Mission-Critical Technologies
  - High-Performance Transmission Technologies
- We are known for solving complex problems
- We have generated profits and cash flows and paid dividends 40 quarters in a row
- FY 2019 was our fourth consecutive year of revenue growth and our third consecutive year of Adjusted EBITDA growth
- We have strong visibility into future revenue
- We believe our long-term fundamentals remain strong and we are well-positioned for growth

Thought  
Leader in Secure  
Wireless  
Communications

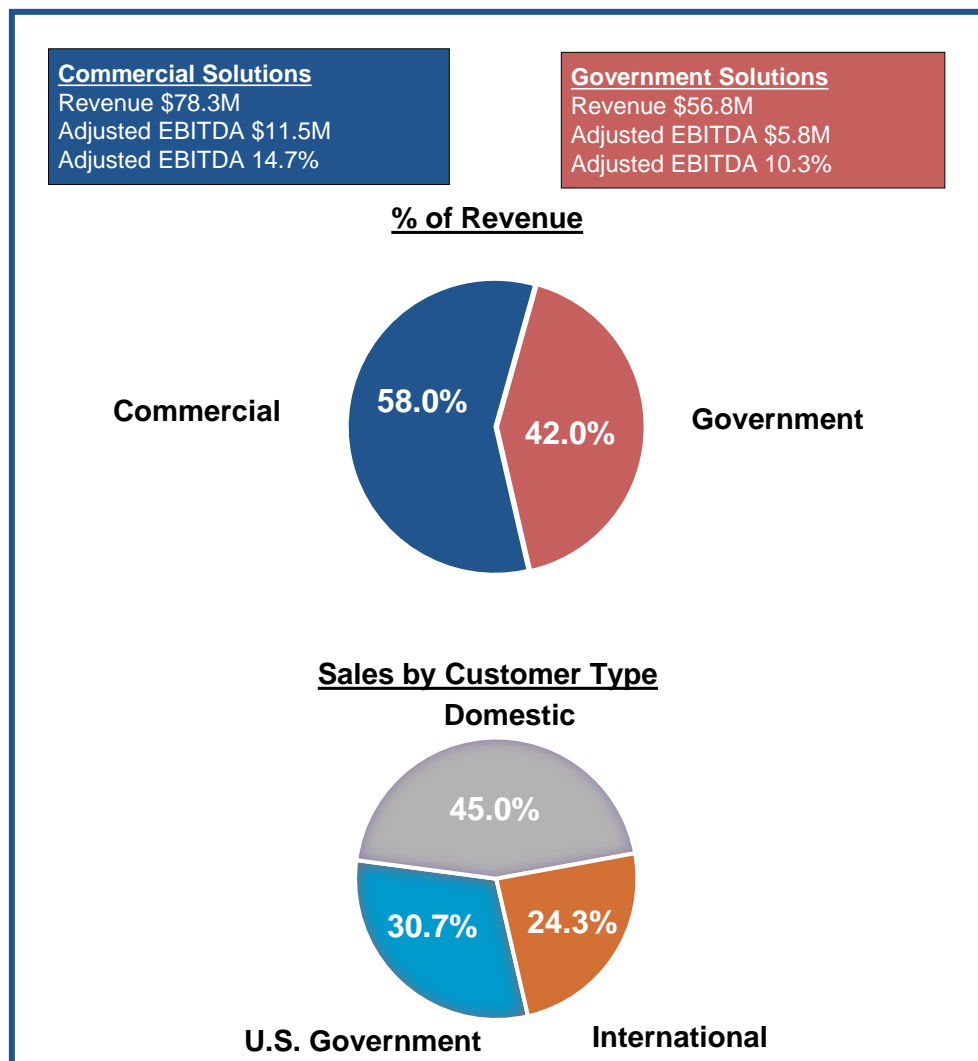
Innovative  
Solutions for  
Commercial  
and  
Government  
Customers

Legacy of  
Complex  
Problem  
Solving

## Notes

See Appendix II of this presentation for the reconciliation from US GAAP to Adjusted EBITDA, which is a Non-GAAP financial measure.

# Overview of Q3 FY20 Performance



- Q3 FY 2020 Revenue was \$135.1 million
- GAAP Operating Loss of (\$3.1) million includes amortization of \$5.5 million, depreciation of \$2.7 million, stock-based compensation of \$1.0 million, acquisition plan expenses of \$6.0 million, and estimated contract settlement costs of \$0.5 million
- Adjusted EBITDA<sup>(1)</sup> (non-GAAP) of \$12.5 million or 9.2% of net sales
- GAAP diluted net loss per share of (\$0.16)
- Non-GAAP diluted EPS <sup>(2)</sup> of \$0.05

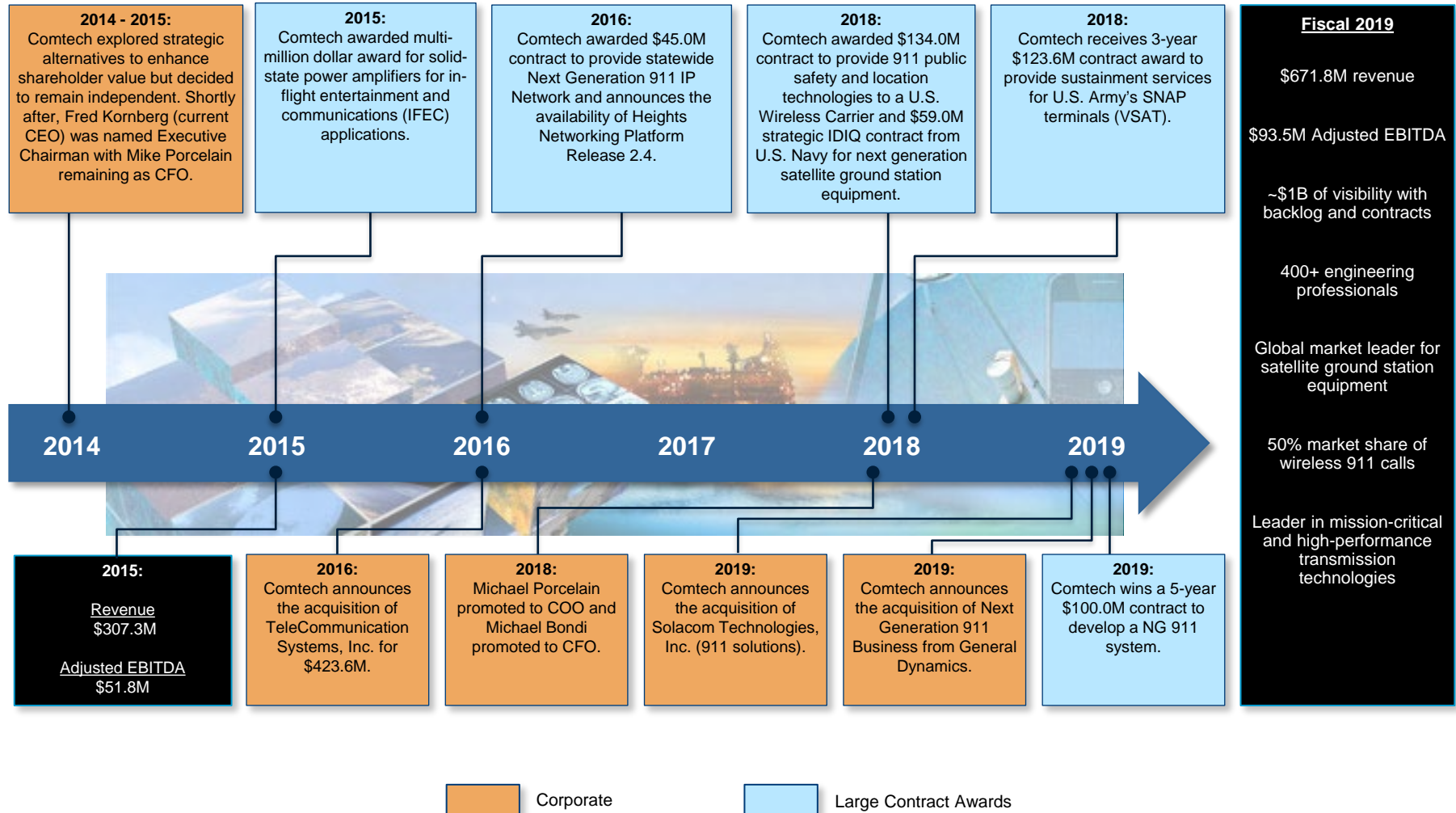
## Notes

(1) Adjusted EBITDA represents earnings (loss) before income taxes, interest (income) and other, write-off of deferred financing costs, interest expense, amortization of stock-based compensation, amortization of intangibles, depreciation expense, estimated contract settlement costs, settlement of intellectual property litigation, acquisition plan expenses, facility exit costs and strategic alternatives analysis expenses and other.

(2) See Appendix II of this presentation for the reconciliation of GAAP earnings per diluted share to Non-GAAP earnings per diluted share.

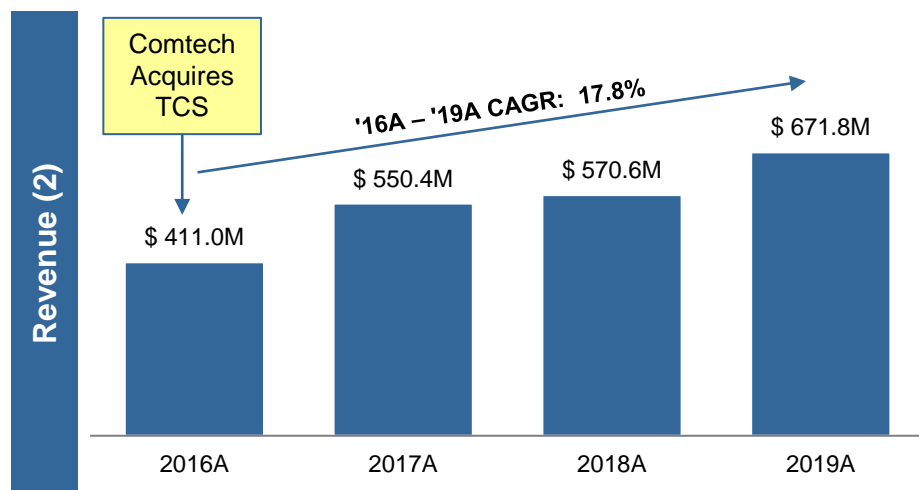
# Comtech Has Transformed Itself into a Wireless Leader

**Approximately \$404.4M or 60.2% of our FY 2019 revenues did not exist in FY 2015**

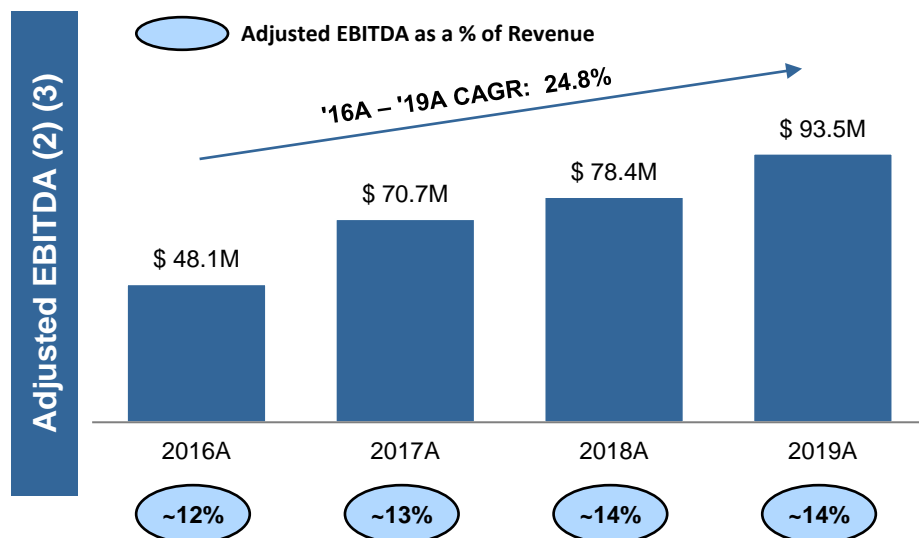


# Historical Revenue and Adjusted EBITDA Trends

(USD in Millions)



- Heights™ products, Next Generation 911 systems and important contract awards create strong revenue streams into the future
- Recent completed acquisitions have positive impact
- Long-term contract wins create stable and recurring revenue streams



- Room for improved margins as we focus on efficiencies and greater scale
- Adjusted EBITDA supported by strong cash flow generation (2019 GAAP operating cash flows of \$68.0M)
- Continued investments in R&D and marketing to support long-term growth

## Notes

- (1) Comtech's fiscal year end is July 31.
- (2) Does not include impact of recently announced acquisitions of UHP and Gilat.
- (3) See Appendix II of this presentation for the reconciliation from US GAAP to Adjusted EBITDA.

# Comtech Participates in Growing Markets

## Comtech is Well Positioned to Take Advantage of Key Marketplace Trends



### In-Flight Satellite Connectivity

High speed in-flight connectivity is fast becoming a necessity for travelers and an imperative for airlines



**Strategy to obtain a leading position in IFC, with end-to-end solutions**



### Satellite Cellular Backhaul for 3G/4G and 5G

Ultimate transition to 5G will increase data usage, requiring greater satellite backhaul



**We offer a complete set of cellular backhaul capabilities and can provide customers with end-to-end solutions**



### Military Communications Modernization

Increased threats of electronic warfare and demand for high-bandwidth battlefield communications



**Comtech has strong relationships with military customers (including the U.S. Government)**



### Next-Generation 911 Upgrades

State and local governments must upgrade existing 911 call handling and next-generation systems



**Comtech offers state of the art 911 call handling and NG-911 solutions, including precise location**

**Expected Growth in LEO / MEO / HTS & VHTS Satellite Constellations  
Will Require Significant Investment In Ground Infrastructure and Comtech Will Be Poised to Benefit**

# Comtech's Two Segments Have Common Capabilities

We leverage several key competencies, including R&D and engineering, across both segments to deliver superior capabilities to customers

## Commercial Solutions

### Fiscal 2019 Results:

Revenue  
\$357.3M  
53.2% of Total

### Geography / Customer Type

U.S. Government: 19.2%  
Domestic: 53.9%  
International: 26.9%

### Adjusted EBITDA

\$66.6M  
18.6% Adjusted EBITDA Margin

## Customer Examples

verizon

L3HARRIS

INTELSAT

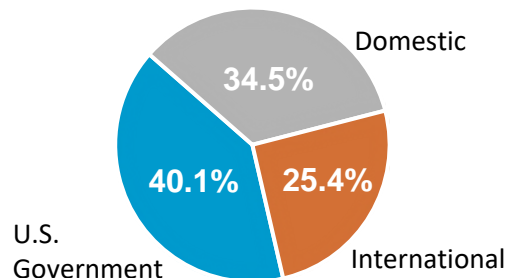


Secure Wireless  
Technology Communications

Market  
Leadership Positions

Shared Relationships  
with Blue-Chip Customers

Fiscal 2019 Customer Type as a %  
of Consolidated Revenue



## Government Solutions

### Fiscal 2019 Results:

Revenue  
\$314.5M  
46.8% of Total

### Geography / Customer Type

U.S. Government: 63.8%  
Domestic: 12.5%  
International: 23.7%

### Adjusted EBITDA

\$35.6M  
11.3% Adjusted EBITDA Margin

## Customer Examples



JAXA

BOEING

# Comtech Has A Proven Track Record of Successful Acquisitions

Acquisition Close Date Purch Price	Extensive Acquisition Experience with Successful Integrations	
	Recent Successful Transactions	Rationale and Highlights
<b>Feb 2016</b> <b>\$423.6M</b>	TCS is a leading provider of 911 public safety services, trusted location and satellite-based mission critical solutions	✓ Entry into the 911 public safety and location markets and significantly strengthened our U.S. Government business, created scale and diversified earnings
<b>Feb 2019</b> <b>\$31.5M</b>	Solacom is a leading provider of Next Generation 911 solutions for public safety agencies	✓ Further expanded presence in growing 911 public safety market and increased recurring revenues
<b>Apr 2019</b> <b>\$11.0M</b>	GD NG-911 offers a 9-1-1 emergency communications system to state and local government clients	✓ Helped secure a five-year \$100.0M contract to develop and maintain a cloud-based NG-911 platform for a northeastern state in the U.S.
<b>Jan 2020</b> <b>\$23.7M</b>	CGC is a leading provider of high precision full motion fixed and mobile X/Y satellite tracking antennas	✓ Addresses customer requirements for expected growth in LEO and MEO satellite constellations
<b>Feb 2020</b> <b>\$1.2M</b>	NG-911, Inc. is a pioneer of Next Generation 911 solutions for public safety in the Midwest	✓ Allows us to cost-effectively expand sales of our industry leading Solacom Guardian call management solutions
<b>Pending</b> <b>\$38.0M</b>	UHP is a leading provider of innovative and disruptive satellite ground station technology solutions	✓ Expands our product line in the satellite ground station market, with its growing need for reliable, high capacity satellite equipment, particularly in the VSAT market
<b>Pending</b> <b>\$532.5M</b>	Gilat is a worldwide leader in satellite networking technology, solutions and services	✓ Provides market leading positions in the satellite ground station and in-flight connectivity solutions markets and deep expertise in operating large network infrastructures

# Acquisition Status Update

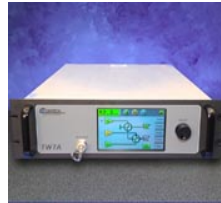
Acquisition	Status Update
NG-911, Inc.	<ul style="list-style-type: none"> <li>✓ During the third quarter of fiscal 2020, we closed on our acquisition of this pioneer of Next Generation 911 solutions for public safety agencies in the Midwest.</li> <li>✓ The acquisition allows us to cost-effectively expand sales of our industry leading Solacom Guardian call management solutions for public safety.</li> <li>✓ Through the acquisition, we secured several multi-year contracts valued at more than \$15.0 million to deploy new call-handling solutions in the Midwest.</li> </ul>
UHP	<ul style="list-style-type: none"> <li>✓ In May 2020, we agreed to amend the terms of the agreement, which we originally announced in November 2019.</li> <li>✓ The aggregate purchase price was reduced by 24% from \$50 million to \$38 million.</li> <li>✓ Cash consideration will be \$5 million, with the remainder of the consideration to be paid in shares of common stock, cash, or a combination of both, at our election at the time of closing.</li> <li>✓ The transaction remains subject to customary closing conditions, including necessary regulatory approval to allow us to purchase UHP's sister company, which is headquartered in Moscow.</li> </ul>
Gilat	<ul style="list-style-type: none"> <li>✓ The acquisition of Gilat remains subject to certain conditions to closing, including regulatory approval in Russia.</li> <li>✓ In May 2020, we received notification from the Federal Antimonopoly Service of the Russian Federation that it was extending the review period for our application pending a decision under the Foreign Investment Law, to determine whether approval is required from the Chairman of the Russian Government Commission for Supervising Foreign Investments.</li> </ul>

# Commercial Solutions Segment – Growth Drivers

## Satellite Ground Station Technologies

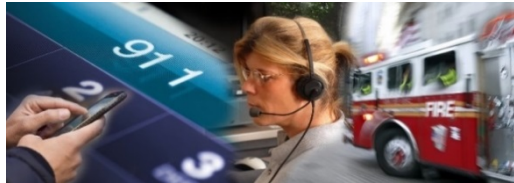


**High-Performance Satellite Modems**



**Solid-State and Traveling Wave Tube Amplifiers**

## Public Safety and Location Technologies



**Software for Cellular 911 Call Routing and Next Generation 911**



**Software that Generates the Triangle & Dot for Advanced Location Mapping**



## Satellite Ground Station Technologies

Cellular Backhaul

High-Throughput Satellites

Upgrades to HDTV / 4K

In-Flight Entertainment and Connectivity (IFEC)

## Public Safety and Location Technologies

Cellular Call Routing and Next Generation 911

Advanced Location and Mapping Services

SMS Text Messaging used for 911 & Critical Applications

## Market Size and Growth Rates

**\$2.4 billion<sup>1</sup>**

Wireless backhaul equipment

**~16.5% per year<sup>1</sup>**

2018-2028, Wireless backhaul equipment

**\$350 million<sup>2</sup>**

Next Generation 911 market

**~17% per year<sup>2</sup>**

2016-2022, Next Generation 911 market

**\$402 million<sup>3</sup>**

Location-based services revenue

**~4% per year<sup>3</sup>**

2016-2018, location-based services revenue

### Notes

(1) Northern Sky Research, Wireless Backhaul & 5G via Satellite, 13<sup>th</sup> Ed., April 2019. Market size for 2018.

(2) Frost & Sullivan, Next Generation 911 (NG911) Market Insight, 2017. Market size forecast by year 2022.

(3) ABI Research, Location Technologies, 2015. World market size forecast by year 2018.

# Government Solutions Segment – Growth Drivers

## Mission-Critical Technologies



**Tactical Satellite-based VSATs**



**U.S. Army SNAP 850+ Systems Deployed**



**Satellite Ground Station Products and Space Components**

## Mission-Critical Technologies

Tactical Satellite-based VSATs

Supply Chain Management of Satellite Ground Station and Space Components

Field Support Operations for Satellite and Wireless Communications

## High-Performance Transmission Technologies

Solid State High-Power Amplifiers Used for Electronic Warfare, Jamming, Medical & Aviation Applications

Over-the-Horizon Troposcatter Technologies which Transmit Data over Unfriendly or Inaccessible Terrain

## High-Performance Transmission Technologies



**Amplifiers for Identification, Friend or Foe and Electronic Warfare Applications**



**Over-the-Horizon Microwave Systems**



**COMET**

## Market Size and Growth Rates

**~\$132 billion<sup>1</sup>**

Global C4ISR market

**\$277 million<sup>2</sup>**

Non-line-of-sight Microwave Network Equipment market will reach \$834 million by 2020

**~4% per year<sup>1</sup>**

2018-2026, global C4ISR market

**~25% per year<sup>2</sup>**

2015-2020, Non-line-of-sight Microwave Network Equipment market

### Notes

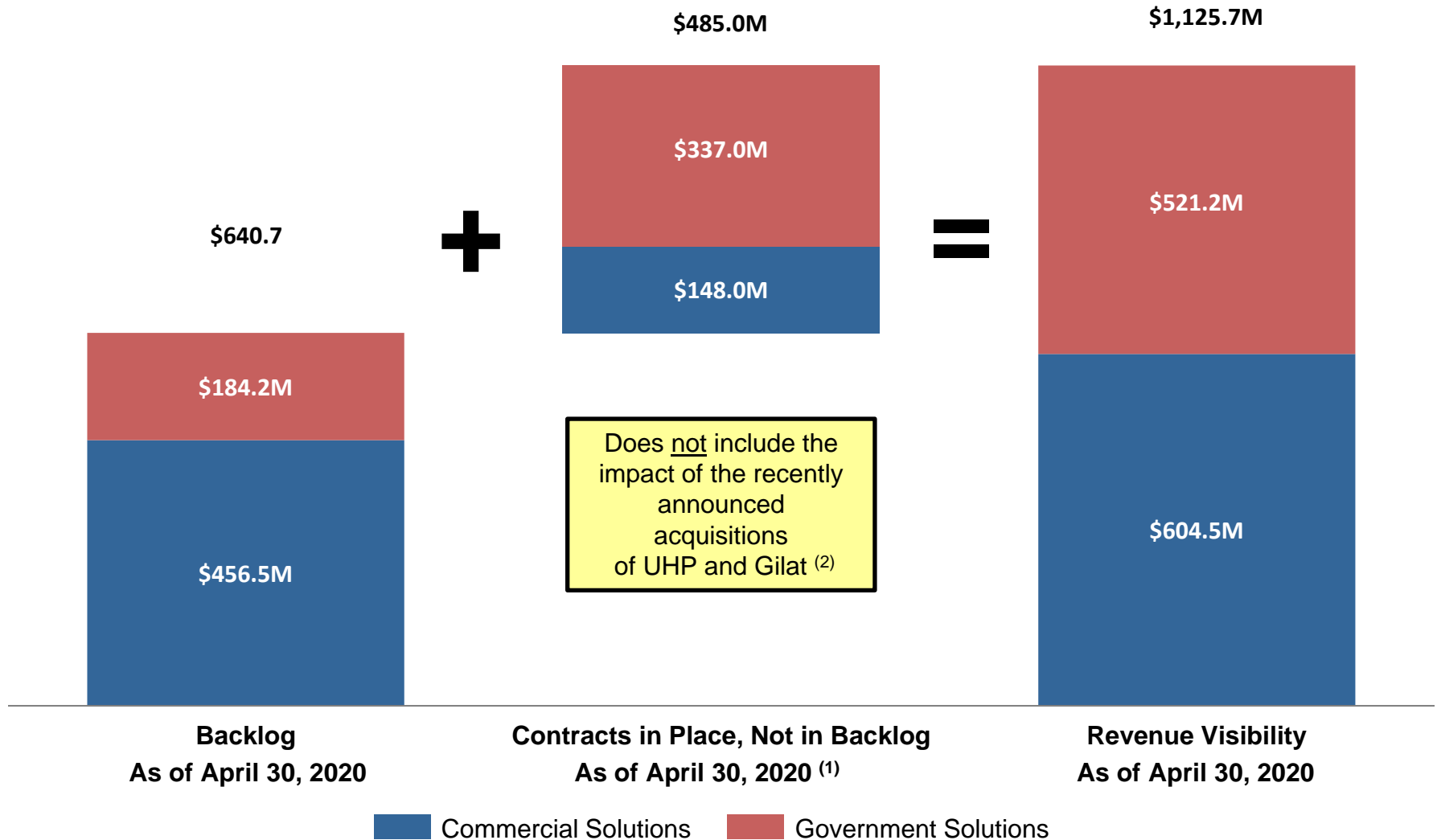
(1) Research and Markets, The Global C4ISR Market 2018-2026 - Market Size and Drivers: Market Profile, 2018. Market size forecast by 2026.

(2) IHS Technology "Microwave Network Equipment Quarterly Market Tracker: Regional, Q2 2016". Market size estimated for 2015.

# Financials



# We Have Visibility into ~ \$1.0 Billion of Future Revenue



## Notes

(1) Examples of contracts in place, not in backlog, include the unfunded portions of the U.S. Marine Corps troposcatter subcontract, the U.S. Army Global FSR contract and the U.S. Army GTACS contract.

(2) See previous pages for discussion of recently announced acquisitions.

# We Believe the Future is Bright for Many Years to Come

A stylized blue and white graphic of a globe, showing the continents of North and South America. It is positioned on the left side of the slide, partially overlapping the horizontal bars.

**Market Leadership Positions**

**Commitment to Innovation and Engineering**

**Strong Visibility with Growing Markets**

**History of Long-Term Capital Return to Stockholders**

**Experienced Management Team**

# Appendix I

## Historical Data and Trends



# Recent Quarterly Operating Results

\$ in 000s	<b><u>Q3</u></b> <b><u>2019</u></b>	<b><u>Q4</u></b> <b><u>2019</u></b>	<b><u>Q1</u></b> <b><u>2020</u></b>	<b><u>Q2</u></b> <b><u>2020</u></b>	<b><u>Q3</u></b> <b><u>2020</u></b>
<b><u>Revenue</u></b>					
Commercial Solutions	\$ 89,600	\$ 102,985	\$ 94,314	\$ 96,122	\$ 78,311
Government Solutions	80,848	73,387	75,953	65,532	56,810
<b>Total Revenue</b>	<b>\$ 170,448</b>	<b>\$ 176,372</b>	<b>\$ 170,267</b>	<b>\$ 161,654</b>	<b>\$ 135,121</b>
<b>Net Income (Loss)</b>	<b>\$ 7,612</b>	<b>\$ 6,135</b>	<b>\$ 6,388</b>	<b>\$ 3,495</b>	<b>\$ (3,989)</b>
<b>Adjusted EBITDA</b>	<b>\$ 24,038</b>	<b>\$ 28,251</b>	<b>\$ 20,615</b>	<b>\$ 21,185</b>	<b>\$ 12,471</b>
<b><u>% of Revenue</u></b>					
GAAP Gross Profit	37.8%	36.3%	37.3%	37.5%	39.2%
GAAP R&D Expenses	7.9%	8.9%	8.7%	8.5%	9.1%
GAAP SG&A Expenses	19.6%	17.8%	18.7%	18.2%	23.9%
GAAP Operating Income	6.6%	5.9%	5.5%	3.8%	N/A <sup>(1)</sup>
Net Income	4.5%	3.5%	3.8%	2.2%	N/A <sup>(1)</sup>
Adjusted EBITDA <sup>(2)</sup>	14.1%	16.0%	12.1%	13.1%	9.2%

## Notes

(1) Comtech reported an operating loss of \$3.1 million and a net loss of \$4.0 million, respectively, for the three months ended April 30, 2020.

(2) See Appendix II of this presentation for the reconciliation of reported Net Income to Adjusted EBITDA.

(3) Comtech's fiscal year end is July 31.

# Recent Annual Operating Results

\$ in 000s	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>Revenue</u></b>				
Commercial Solutions	\$ 248,955	\$ 330,867	\$ 345,076	\$ 357,293
Government Solutions	162,049	219,501	225,513	314,504
<b>Total Revenue</b>	<b>\$ 411,004</b>	<b>\$ 550,368</b>	<b>\$ 570,589</b>	<b>\$ 671,797</b>
<b>Net Income (Loss)</b>	<b>\$ (7,738)</b>	<b>\$ 15,827</b>	<b>\$ 29,769</b>	<b>\$ 25,041</b>
<b>Adjusted EBITDA</b>	<b>\$ 48,062</b>	<b>\$ 70,705</b>	<b>\$ 78,374</b>	<b>\$ 93,472</b>
<b><u>% of Revenue</u></b>				
GAAP Gross Profit	41.7%	39.6%	39.2%	36.8%
GAAP R&D Expenses	10.3%	9.9%	9.4%	8.4%
GAAP SG&A Expenses <sup>(1)</sup>	23.1%	21.1%	20.0%	19.1%
GAAP Operating Income (Loss)	(0.1)%	6.7%	6.2%	6.2%
Net Income (Loss)	(1.9)%	2.9%	5.2%	3.7%
Adjusted EBITDA <sup>(2)</sup>	11.7%	12.8%	13.7%	13.9%
GAAP EPS	\$ (0.46)	\$ 0.67	\$ 1.24	\$ 1.03

**2016:** Fiscal 2016 impacted by TCS acquisition

**2017:** Excluding \$18.8 million of favorable adjustments (described in our Form 10-K), GAAP operating income would have been 3.3% of net sales

**2018:** Includes \$11.8 million, or \$0.49 per diluted share, discrete tax benefit ("Tax Gain") primarily due to Tax Reform

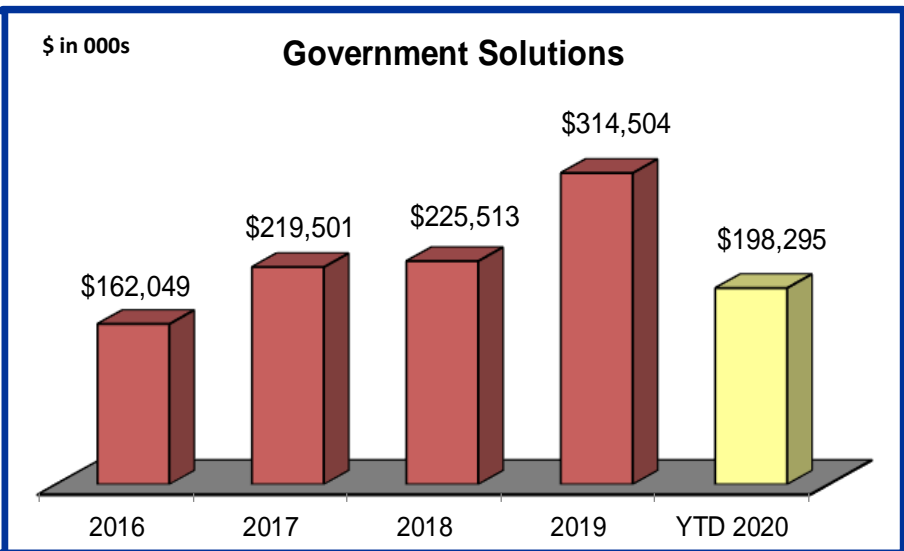
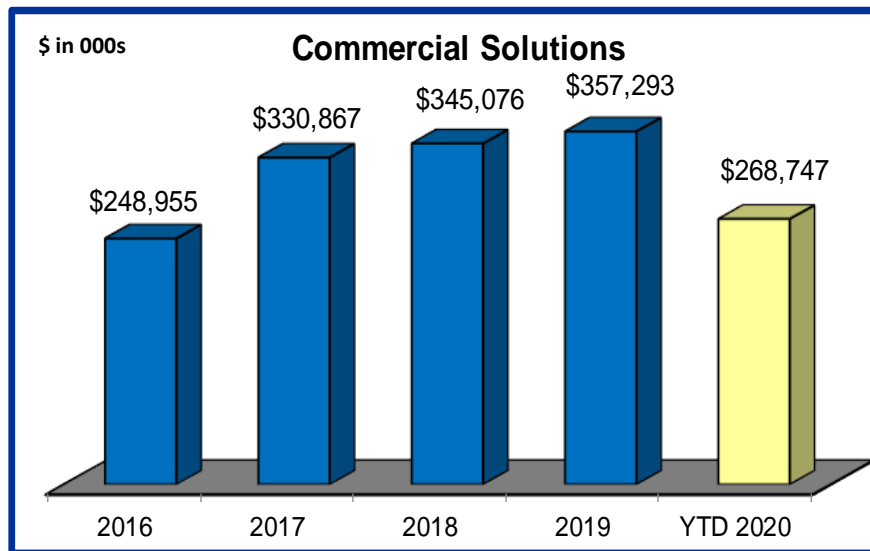
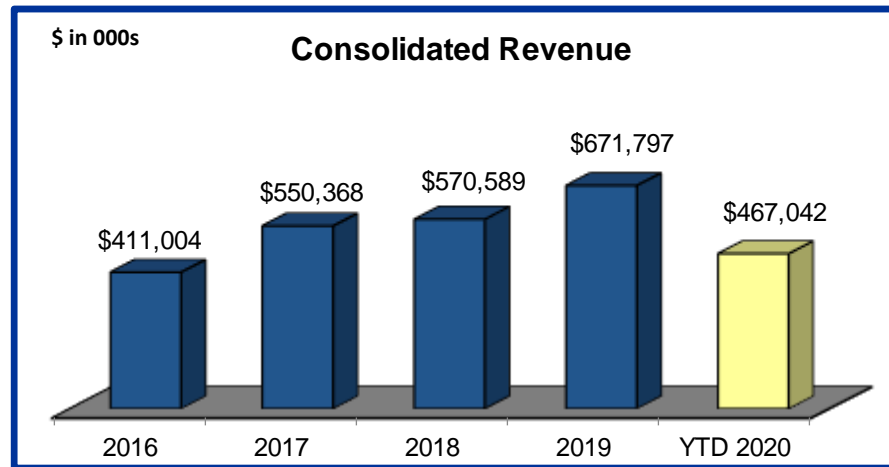
## Notes

(1) In FY 2016 and FY 2019, acquisition plan expenses were presented as a separate line item, and therefore they are not included in the SG&A percentage.

(2) See Appendix II of this presentation for the reconciliation of reported Net Income (Loss) to Adjusted EBITDA.

(3) Comtech's fiscal year end is July 31.

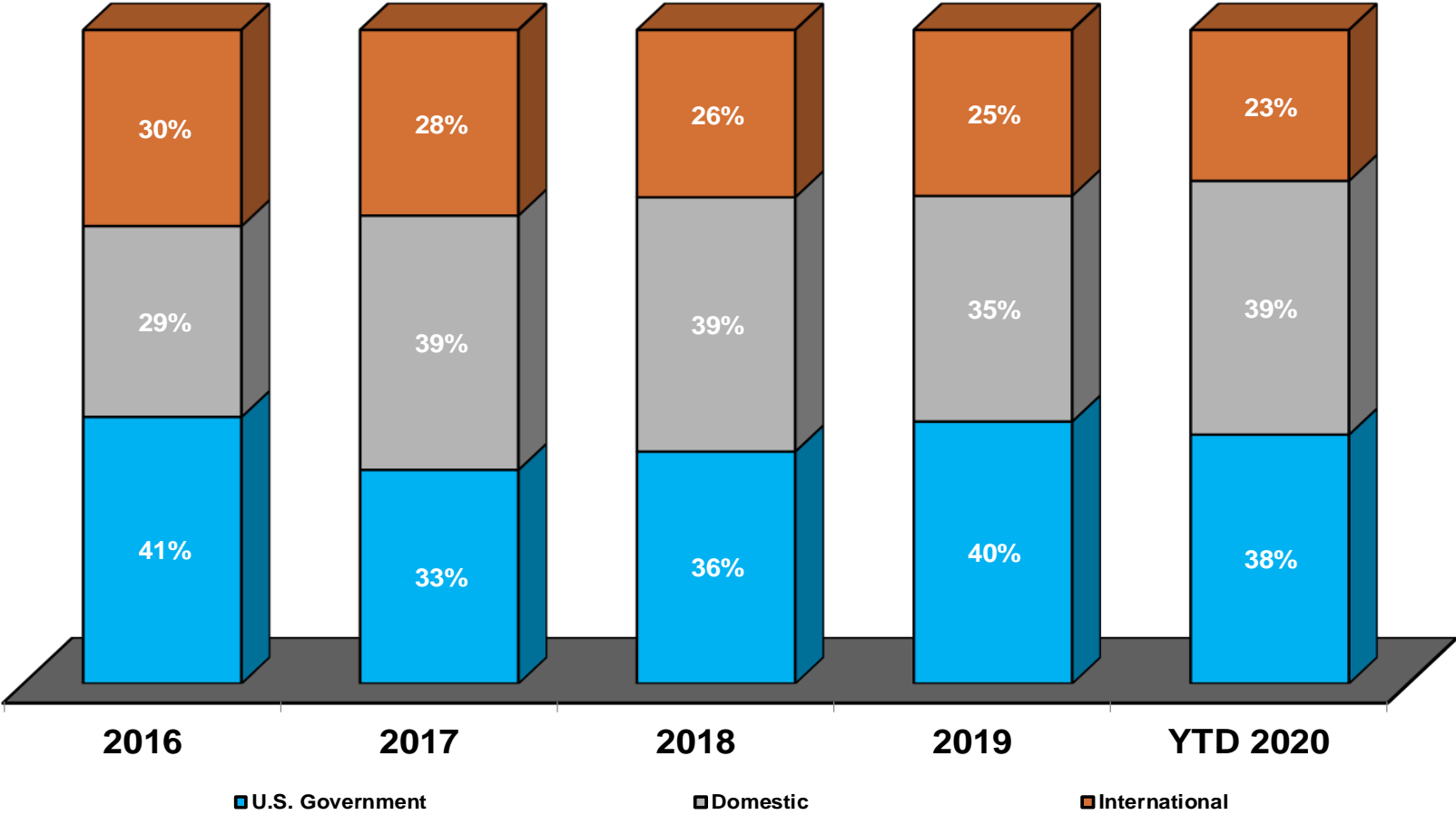
# Historical Revenue Results



#### Note

(1) Comtech's fiscal year end is July 31.

# Our Customer Base

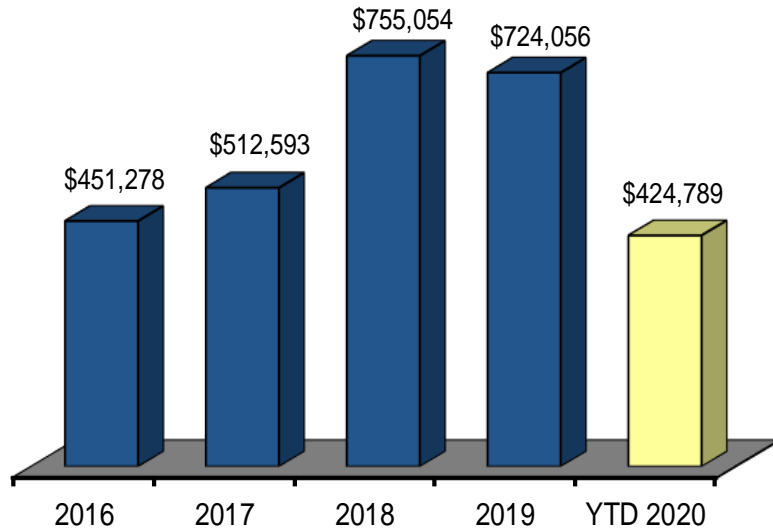


**Notes**  
(1) Comtech's fiscal year end is July 31.  
(2) Totals may not foot due to rounding.

# Historical Bookings & Backlog

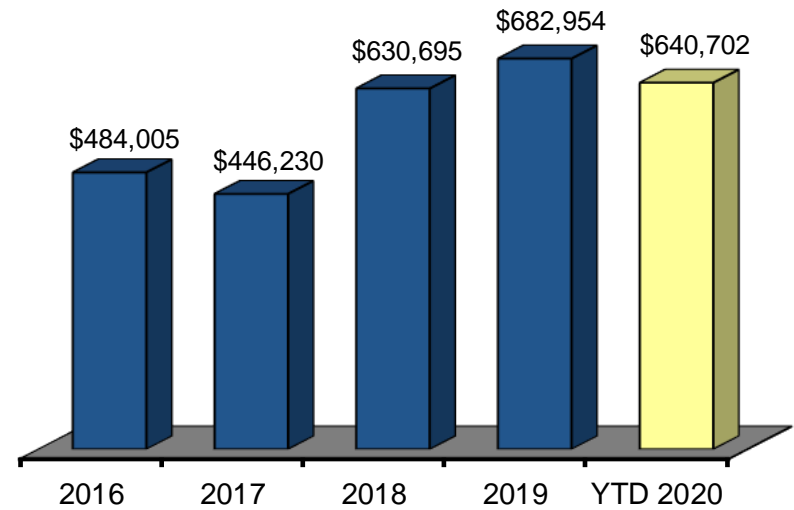
## Bookings

\$ in 000s



## Total Backlog

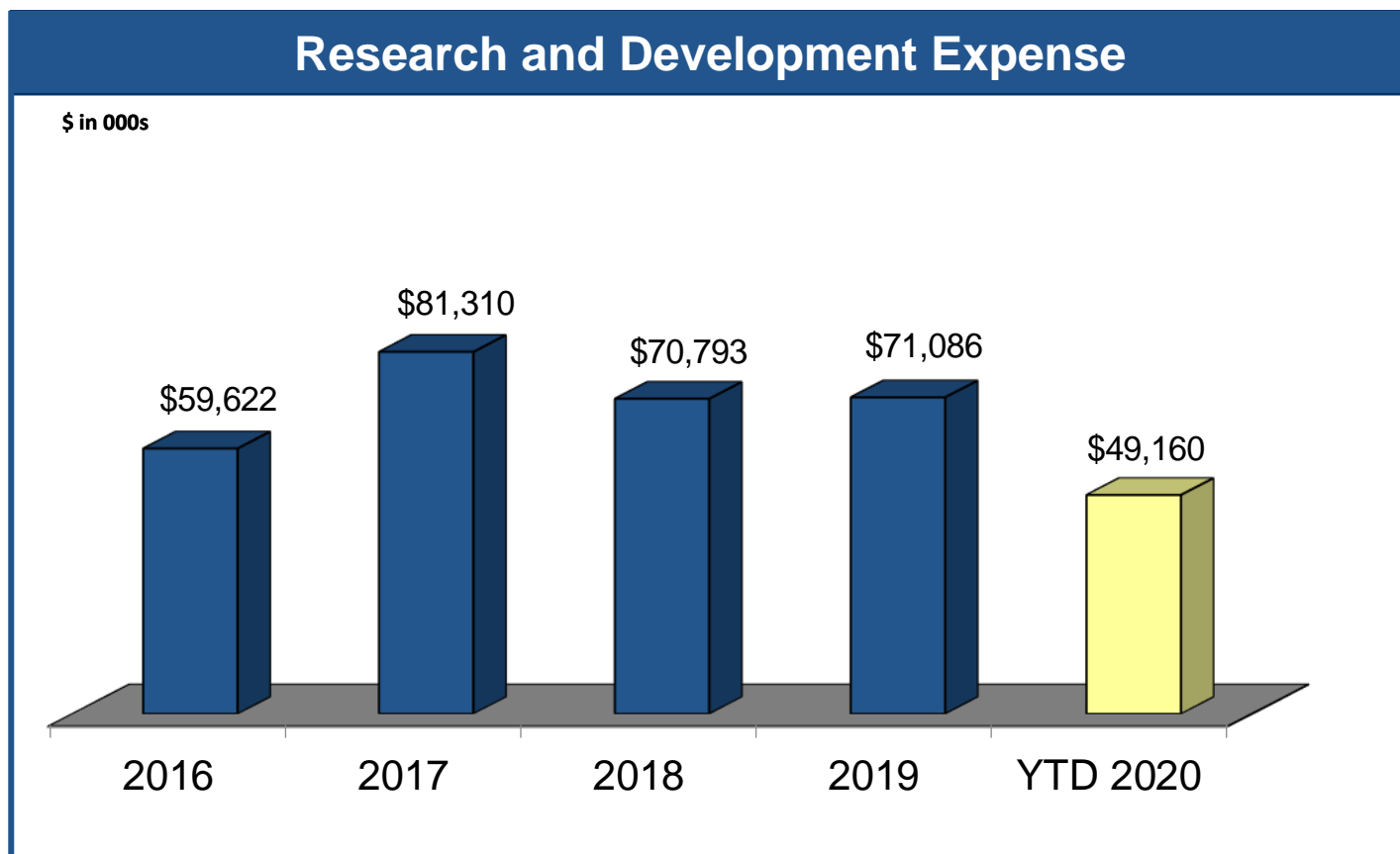
\$ in 000s



### Note

(1) Comtech's fiscal year end is July 31.

# Total Research and Development Expense



## Notes

- (1) Research and development expense includes company-funded and customer-funded.
- (2) Comtech's fiscal year end is July 31.

# Recent Balance Sheet Trends

## Balance Sheet

\$ in 000s					
	<b>Apr. 30, 2019</b>	<b>Jul. 31, 2019</b>	<b>Oct. 31, 2019</b>	<b>Jan. 31, 2020</b>	<b>Apr. 30, 2020</b>
Cash and Cash Equivalents	\$ 45,152	\$ 45,576	\$ 46,873	\$ 46,471	\$ 50,634
Working Capital	127,541	134,967	143,856	126,400	116,863
Total Assets	903,487	887,711	931,022	949,942	951,732
Current and Long-Term Debt <sup>(1)</sup>	\$ 174,965	\$ 165,757	\$ 169,567	\$ 158,000	\$ 159,400
Stockholders' Equity	524,949	535,082	537,644	551,203	545,825
Total Capitalization	<u>\$ 699,914</u>	<u>\$ 700,839</u>	<u>\$ 707,211</u>	<u>\$ 709,203</u>	<u>\$ 705,225</u>

### Notes

(1) As defined in our Credit Facility, as amended.

(2) Comtech's fiscal year end is July 31.

# Market Data

## General Market Information

**Nasdaq Symbol: CMTL**

**Institutional Holders<sup>(2)</sup>: 227**

**52-Week Range<sup>(1)</sup>: \$11.70 - \$37.79**

**Analyst Coverage: 6**

**Source: Nasdaq**

## Analysts

Institution	Analyst Name
Citibank N.A.	Asiya Merchant
Jefferies Group LLC	George Notter
Noble Capital Markets	Joe Gomes
Northland Capital Markets	Michael Latimore
Quilty Analytics	Chris Quilty
Singular Research LLC	Chris Sakai

### Notes

(1) 52-week range indicates the high and low closing prices during the period of May 1, 2019 through April 30, 2020.

(2) As of May 26, 2020.

# Appendix II

## Reconciliation of GAAP to Non-GAAP Financial Measures



# Reconciliation of CMTL GAAP to Non-GAAP Financial Measures

<b><u>Adjusted EBITDA</u></b>	<b><u>Q3 2019</u></b>	<b><u>Q4 2019</u></b>	<b><u>Q1 2020</u></b>	<b><u>Q2 2020</u></b>	<b><u>Q3 2020</u></b>
Reported net income (loss)	\$ 7,612	\$ 6,135	\$ 6,388	\$ 3,495	\$ (3,989)
Income tax expense (benefit)	1,547	2,078	1,145	1,117	(759)
Net interest expense & other	2,137	2,192	1,727	1,622	1,612
Stock-based compensation expense	1,119	8,071	879	1,238	981
Depreciation and amortization	7,454	8,516	7,857	7,950	8,167
Estimated contract settlement costs	2,465	-	230	(262)	476
Acquisition plan expenses	1,704	1,259	2,389	6,025	5,983
Adjusted EBITDA	<u>\$ 24,038</u>	<u>\$ 28,251</u>	<u>\$ 20,615</u>	<u>\$ 21,185</u>	<u>\$ 12,471</u>

<b><u>Operating Income</u></b>	<b><u>Q3 2019</u></b>	<b><u>Q4 2019</u></b>	<b><u>Q1 2020</u></b>	<b><u>Q2 2020</u></b>	<b><u>Q3 2020</u></b>
Operating income (loss)	\$ 11,296	\$ 10,405	\$ 9,260	\$ 6,234	\$ (3,136)
Acquisition plan expenses	1,704	1,259	2,389	6,025	5,983
Estimated contract settlement costs	2,465	-	230	(262)	476
Adjusted operating income	<u>\$ 15,465</u>	<u>\$ 11,664</u>	<u>\$ 11,879</u>	<u>\$ 11,997</u>	<u>\$ 3,323</u>

<b><u>Net Income (loss)</u></b>	<b><u>Q3 2019</u></b>	<b><u>Q4 2019</u></b>	<b><u>Q1 2020</u></b>	<b><u>Q2 2020</u></b>	<b><u>Q3 2020</u></b>
Net income (loss)	\$ 7,612	\$ 6,135	\$ 6,388	\$ 3,495	\$ (3,989)
Acquisition plan expenses	1,312	966	1,840	4,639	4,128
Estimated contract settlement costs	1,898	-	177	(202)	328
Net discrete tax (benefit) expense	(559)	116	(588)	57	713
Adjusted net income	<u>\$ 10,263</u>	<u>\$ 7,217</u>	<u>\$ 7,817</u>	<u>\$ 7,989</u>	<u>\$ 1,180</u>

## Notes

- (1) See statement regarding the use of Non-GAAP financial measures in the front of this presentation.
- (2) Dollar amounts in thousands, except per share information. Comtech's fiscal year end is July 31.

# Reconciliation of CMTL GAAP to Non-GAAP Financial Measures (cont'd)

<b><u>Adjusted EBITDA</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>YTD 2020</u></b>
Reported net (loss) income	\$ (7,738)	\$ 15,827	\$ 29,769	\$ 25,041	\$ 5,894
Income tax (benefit) expense	(454)	9,654	(5,143)	3,869	1,503
Write-off of deferred financing costs	-	-	-	3,217	-
Net interest expense & other	7,616	11,561	10,449	9,280	4,961
Stock-based compensation expense	4,117	8,506	8,569	11,427	3,098
Depreciation and amortization	23,245	37,177	34,730	30,247	23,974
Estimated contract settlement costs	-	-	-	6,351	444
Settlement of intellectual property litigation	-	(12,020)	-	(3,204)	-
Acquisition plan expenses	21,276	-	-	5,871	14,397
Facility exit costs	-	-	-	1,373	-
Adjusted EBITDA	<u>\$ 48,062</u>	<u>\$ 70,705</u>	<u>\$ 78,374</u>	<u>\$ 93,472</u>	<u>\$ 54,271</u>

<b><u>Earnings (Loss) per Diluted Share</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>YTD 2020</u></b>
GAAP (loss) earnings per diluted share	\$ (0.46)	\$ 0.67	\$ 1.24	\$ 1.03	\$ 0.24
Acquisition plan expenses	1.03	-	-	0.19	0.40
Estimated contract settlement costs	-	-	-	0.20	0.01
Net discrete tax benefit (including Tax Reform)	-	-	(0.49)	(0.12)	(0.03)
Settlement of intellectual property litigation	-	(0.33)	-	(0.10)	-
Write-off of deferred financing costs	-	-	-	0.10	-
Facility exit costs	-	-	-	0.04	-
Non-GAAP earnings per diluted share	<u>\$ 0.57</u>	<u>\$ 0.34</u>	<u>\$ 0.75</u>	<u>\$ 1.34</u>	<u>\$ 0.62</u>

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- (3) Totals may not foot due to rounding.

# Reconciliation of CMTL GAAP to Non-GAAP Financial Measures (cont'd)

<b>Earnings (Loss) per Diluted Share</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>FY19</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>YTD FY20</b>
GAAP earnings (loss) per diluted share	\$ 0.14	\$ 0.32	\$ 0.31	\$ 0.25	\$ 1.03	\$ 0.26	\$ 0.14	\$ (0.16)	\$ 0.24
Acquisition plan expenses	0.04	0.06	0.05	0.04	0.19	0.07	0.19	0.16	0.40
Estimated contract settlement costs	-	0.12	0.08	-	0.20	0.01	(0.01)	0.01	0.01
Settlement of intellectual property litigation	-	(0.10)	-	-	(0.10)	-	-	-	-
Net discrete tax expense (benefit)	(0.10)	-	(0.02)	-	(0.12)	(0.02)	-	0.03	(0.03)
Write-off of deferred financing costs	0.10	-	-	-	0.10	-	-	-	-
Facility exit costs	0.04	-	-	-	0.04	-	-	-	-
Non-GAAP earnings per diluted share	<u>\$ 0.22</u>	<u>\$ 0.40</u>	<u>\$ 0.42</u>	<u>\$ 0.29</u>	<u>\$ 1.34</u>	<u>\$ 0.32</u>	<u>\$ 0.32</u>	<u>\$ 0.05</u>	<u>\$ 0.62</u>

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