

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

	Three months ended	
	March 31,	
	2023	2022
	Unaudited	
Revenues	\$ 58,962	\$ 51,409
Cost of revenues	34,277	35,021
Gross profit	24,685	16,388
Research and development expenses, net	9,619	7,668
Selling and marketing expenses	6,009	5,350
General and administrative expenses	4,431	4,184
Impairment of held for sale asset	-	210
Other operating income, net	(2,387)	-
Total operating expenses	17,672	17,412
Operating income (loss)	7,013	(1,024)
Financial expenses, net	149	1,195
Income (loss) before taxes on income	6,864	(2,219)
Taxes on income	1,284	315
Net income (loss)	\$ 5,580	\$ (2,534)
Earnings (losses) per share (basic and diluted)	\$ 0.10	\$ (0.04)
Weighted average number of shares used in computing earnings (losses) per share		
Basic	56,613,485	56,551,070
Diluted	56,623,432	56,551,070

GILAT SATELLITE NETWORKS LTD.
RECONCILIATION BETWEEN GAAP AND NON-GAAP CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR COMPARATIVE PURPOSES
U.S. dollars in thousands (except share and per share data)

	Three months ended March 31, 2023			Three months ended March 31, 2022		
	GAAP	Adjustments (*)	Non-GAAP	GAAP	Adjustments (*)	Non-GAAP
	Unaudited			Unaudited		
Gross profit	\$ 24,685	75	\$ 24,760	\$ 16,388	75	\$ 16,463
Operating expenses	17,672	1,809	19,481	17,412	(683)	16,729
Operating income (loss)	7,013	(1,734)	5,279	(1,024)	758	(266)
Income (loss) before taxes on income	6,864	(1,734)	5,130	(2,219)	758	(1,461)
Net income (loss)	<u>\$ 5,580</u>	<u>(1,734)</u>	<u>\$ 3,846</u>	<u>\$ (2,534)</u>	<u>758</u>	<u>\$ (1,776)</u>
Earnings (losses) per share (basic and diluted)	<u>\$ 0.10</u>	<u>\$ (0.03)</u>	<u>\$ 0.07</u>	<u>\$ (0.04)</u>	<u>\$ 0.01</u>	<u>\$ (0.03)</u>
Weighted average number of shares used in computing earnings (losses) per share						
Basic	<u>56,613,485</u>		<u>56,613,485</u>	<u>56,551,070</u>		<u>56,551,070</u>
Diluted	<u>56,623,432</u>		<u>56,623,432</u>	<u>56,551,070</u>		<u>56,551,070</u>

(*) Adjustments reflect the effect of non-cash stock-based compensation as per ASC 718, amortization of intangible assets related to acquisition transactions, impairment of held for sale asset and other operating income, net

	Three months ended March 31, 2023	Three months ended March 31, 2022
	Unaudited	Unaudited
GAAP net income (loss)	<u>\$ 5,580</u>	<u>\$ (2,534)</u>
Gross profit		
Non-cash stock-based compensation expenses	75	70
Amortization of intangible assets related to acquisition transactions	-	5
	<u>75</u>	<u>75</u>
Operating expenses		
Non-cash stock-based compensation expenses	527	422
Amortization of intangible assets related to acquisition transactions	51	51
Impairment of held for sale asset	-	210
Other operating income, net	(2,387)	-
	<u>(1,809)</u>	<u>683</u>
Non-GAAP net income (loss)	<u>\$ 3,846</u>	<u>\$ (1,776)</u>

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

ADJUSTED EBITDA:

	Three months ended	
	March 31,	
	2023	2022
	Unaudited	
GAAP net income (loss)	\$ 5,580	\$ (2,534)
Adjustments:		
Financial expenses, net	149	1,195
Taxes on income	1,284	315
Non-cash stock-based compensation expenses	602	492
Impairment of held for sale asset	-	210
Other operating income, net	(2,387)	-
Depreciation and amortization (*)	3,163	2,851
Adjusted EBITDA	<u>\$ 8,391</u>	<u>\$ 2,529</u>

(*) Including amortization of lease incentive

SEGMENT REVENUES:

	Three months ended	
	March 31,	
	2023	2022
	Unaudited	
Satellite Networks	\$ 33,546	\$ 24,770
Integrated Solutions	12,919	13,706
Network Infrastructure and Services	12,497	12,933
Total revenues	<u>\$ 58,962</u>	<u>\$ 51,409</u>

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	<u>Unaudited</u>	<u>Audited</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 89,119	\$ 86,591
Restricted cash	608	541
Trade receivables, net	44,440	50,644
Contract assets	20,546	24,971
Inventories	40,019	33,024
Other current assets	22,136	19,283
	<hr/>	<hr/>
Total current assets	216,868	215,054
LONG-TERM ASSETS:		
Restricted cash	12	13
Long-term contract assets	10,452	11,149
Severance pay funds	5,836	5,947
Deferred taxes	17,139	18,265
Operating lease right-of-use assets	3,623	3,891
Other long-term assets	11,607	10,737
	<hr/>	<hr/>
Total long-term assets	48,669	50,002
PROPERTY AND EQUIPMENT, NET	<hr/> 75,256	<hr/> 76,578
INTANGIBLE ASSETS, NET	<hr/> 254	<hr/> 309
GOODWILL	<hr/> 43,468	<hr/> 43,468
<u>TOTAL ASSETS</u>	<hr/> \$ 384,515 <hr/>	<hr/> \$ 385,411 <hr/>

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

	<u>March 31,</u> <u>2023</u> <u>Unaudited</u>	<u>December 31,</u> <u>2022</u> <u>Audited</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 22,726	\$ 20,668
Accrued expenses	46,171	50,356
Advances from customers and deferred revenues	26,774	30,531
Operating lease liabilities	1,954	1,941
Other current liabilities	28,028	22,291
Total current liabilities	<u>125,653</u>	<u>125,787</u>
LONG-TERM LIABILITIES:		
Accrued severance pay	6,765	6,580
Long-term advances from customers and deferred revenues	337	1,041
Operating lease liabilities	1,620	1,890
Other long-term liabilities	179	5,988
Total long-term liabilities	<u>8,901</u>	<u>15,499</u>
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,711	2,711
Additional paid-in capital	932,688	932,086
Accumulated other comprehensive loss	(7,193)	(6,847)
Accumulated deficit	(678,245)	(683,825)
Total shareholders' equity	<u>249,961</u>	<u>244,125</u>
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$ 384,515</u>	<u>\$ 385,411</u>

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

	Three months ended	
	March 31,	
	2023	2022
	Unaudited	
<u>Cash flows from operating activities:</u>		
Net income (loss)	\$ 5,580	\$ (2,534)
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,107	2,796
Stock-based compensation of options	602	492
Accrued severance pay, net	297	(63)
Deferred taxes, net	1,126	306
Decrease (increase) in trade receivables, net	6,491	(6,412)
Decrease (increase) in contract assets	4,917	(2,009)
Increase in other assets and other adjustments (including short-term, long-term and effect of exchange rate changes on cash and cash equivalents)	(2,767)	(3,716)
Increase in inventories	(7,623)	(2,344)
Increase in trade payables	1,989	1,672
Increase (decrease) in accrued expenses	(2,199)	752
Increase (decrease) in advance from customers and deferred revenue	(4,469)	2,310
Increase (decrease) in other liabilities	(848)	1,375
Net cash provided by (used in) operating activities	6,203	(7,375)
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(3,032)	(2,201)
Net cash used in investing activities	(3,032)	(2,201)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(577)	253
Increase (decrease) in cash, cash equivalents and restricted cash	2,594	(9,323)
Cash, cash equivalents and restricted cash at the beginning of the period	87,145	84,463
Cash, cash equivalents and restricted cash at the end of the period	\$ 89,739	\$ 75,140