

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

| | Six months ended | | Three months ended | |
|--|-------------------|-------------------|--------------------|-------------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | Unaudited | |
| Revenues | \$ 126,551 | \$ 106,863 | \$ 67,589 | \$ 55,454 |
| Cost of revenues | 76,330 | 70,706 | 42,053 | 35,685 |
| Gross profit | 50,221 | 36,157 | 25,536 | 19,769 |
| Research and development expenses, net | 19,003 | 16,386 | 9,384 | 8,718 |
| Selling and marketing expenses | 11,941 | 10,310 | 5,932 | 4,960 |
| General and administrative expenses | 9,155 | *) 8,495 | 4,724 | *) 4,311 |
| Impairment of held for sale asset | - | 439 | - | 229 |
| Other operating expenses (income), net | (2,340) | *) 60 | 47 | *) 60 |
| Total operating expenses | 37,759 | 35,690 | 20,087 | 18,278 |
| Operating income | 12,462 | 467 | 5,449 | 1,491 |
| Financial expenses, net | 735 | 1,663 | 586 | 468 |
| Income (loss) before taxes on income | 11,727 | (1,196) | 4,863 | 1,023 |
| Taxes on income | 1,822 | 832 | 538 | 517 |
| Net income (loss) | \$ 9,905 | \$ (2,028) | \$ 4,325 | \$ 506 |
| Earnings (losses) per share (basic and diluted) | \$ 0.17 | \$ (0.04) | \$ 0.08 | \$ 0.01 |
| Weighted average number of shares used in computing earnings (losses) per share | | | | |
| Basic | <u>56,615,714</u> | <u>56,574,296</u> | <u>56,617,943</u> | <u>56,597,523</u> |
| Diluted | <u>56,622,204</u> | <u>56,574,296</u> | <u>56,620,977</u> | <u>56,637,208</u> |

*) Reclassified

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

| | Three months ended June 30, 2023 | | | Three months ended June 30, 2022 | | |
|--|-------------------------------------|-----------------|-------------------|-------------------------------------|-----------------|-------------------|
| | GAAP | Adjustments (*) | Non-GAAP | GAAP | Adjustments (*) | Non-GAAP |
| | Unaudited | | | Unaudited | | |
| Gross profit | \$ 25,536 | 95 | \$ 25,631 | \$ 19,769 | 81 | \$ 19,850 |
| Operating expenses | 20,087 | (513) | 19,574 | 18,278 | (832) | 17,446 |
| Operating income | 5,449 | 608 | 6,057 | 1,491 | 913 | 2,404 |
| Income before taxes on income | 4,863 | 608 | 5,471 | 1,023 | 913 | 1,936 |
| Net income | <u>\$ 4,325</u> | <u>608</u> | <u>\$ 4,933</u> | <u>\$ 506</u> | <u>913</u> | <u>\$ 1,419</u> |
| Earnings per share (basic and diluted) | <u>\$ 0.08</u> | <u>\$ 0.01</u> | <u>\$ 0.09</u> | <u>\$ 0.01</u> | <u>\$ 0.02</u> | <u>\$ 0.03</u> |
| Weighted average number of shares used in computing earnings per share | | | | | | |
| Basic | <u>56,617,943</u> | | <u>56,617,943</u> | <u>56,597,523</u> | | <u>56,597,523</u> |
| Diluted | <u>56,620,977</u> | | <u>56,620,977</u> | <u>56,637,208</u> | | <u>56,773,970</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 expenses

| | Three months ended June 30, 2023 | Three months ended June 30, 2022 |
|---|-------------------------------------|-------------------------------------|
| | Unaudited | Unaudited |
| GAAP net income | \$ 4,325 | \$ 506 |
| Gross profit | | |
| Non-cash stock-based compensation expenses | 95 | 76 |
| Amortization of intangible assets related to acquisition transactions | - | 5 |
| | <u>95</u> | <u>81</u> |
| Operating expenses | | |
| Non-cash stock-based compensation expenses | 417 | 493 |
| Amortization of intangible assets related to acquisition transactions | 49 | 50 |
| Impairment of held for sale asset | - | 229 |
| Other operating expenses | <u>47</u> | <u>60</u> |
| | <u>513</u> | <u>832</u> |
| Non-GAAP net income | \$ 4,933 | \$ 1,419 |

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)

| | Six months ended June 30, 2023 | | | Six months ended June 30, 2022 | | |
|---|-----------------------------------|------------------|-------------------|-----------------------------------|-----------------|-------------------|
| | GAAP | Adjustments (*) | Non-GAAP | GAAP | Adjustments (*) | Non-GAAP |
| | Unaudited | | | Unaudited | | |
| Gross profit | \$ 50,221 | 170 | \$ 50,391 | \$ 36,157 | 156 | \$ 36,313 |
| Operating expenses | 37,759 | 1,296 | 39,055 | 35,690 | (1,515) | 34,175 |
| Operating income | 12,462 | (1,126) | 11,336 | 467 | 1,671 | 2,138 |
| Income (loss) before taxes on income | 11,727 | (1,126) | 10,601 | (1,196) | 1,671 | 475 |
| Net income (loss) | <u>9,905</u> | <u>(1,126)</u> | <u>8,779</u> | <u>(2,028)</u> | <u>1,671</u> | <u>(357)</u> |
| Earnings (losses) per share (basic and diluted) | <u>\$ 0.17</u> | <u>\$ (0.01)</u> | <u>\$ 0.16</u> | <u>\$ (0.04)</u> | <u>\$ 0.03</u> | <u>\$ (0.01)</u> |
| Weighted average number of shares used in computing earnings (losses) per share | | | | | | |
| Basic | <u>56,615,714</u> | | <u>56,615,714</u> | <u>56,574,296</u> | | <u>56,574,296</u> |
| Diluted | <u>56,622,204</u> | | <u>56,622,204</u> | <u>56,574,296</u> | | <u>56,574,296</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 expenses (income), net

| | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|-----------------------------------|-----------------------------------|
| | Unaudited | Unaudited |
| GAAP net income (loss) | \$ 9,905 | \$ (2,028) |
| Gross profit | | |
| Non-cash stock-based compensation expenses | 170 | 145 |
| Amortization of intangible assets related to acquisition transactions | - | 11 |
| | <u>170</u> | <u>156</u> |
| Operating expenses | | |
| Non-cash stock-based compensation expenses | 944 | 916 |
| Amortization of intangible assets related to acquisition transactions | 100 | 100 |
| Impairment of held for sale asset | - | 439 |
| Other operating expenses (income), net | (2,340) | 60 |
| | <u>(1,296)</u> | <u>1,515</u> |
| Non-GAAP net income (loss) | <u>\$ 8,779</u> | <u>\$ (357)</u> |

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

ADJUSTED EBITDA:

| | Six months ended | | Three months ended | |
|--|-------------------------|-----------------|---------------------------|-----------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | Unaudited | |
| GAAP net income (loss) | \$ 9,905 | \$ (2,028) | \$ 4,325 | \$ 506 |
| Adjustments: | | | | |
| Financial expenses, net | 735 | 1,663 | 586 | 468 |
| Taxes on income | 1,822 | 832 | 538 | 517 |
| Non-cash stock-based compensation expenses | 1,114 | 1,061 | 512 | 569 |
| Impairment of held for sale asset | - | 439 | - | 229 |
| Other operating expenses (income), net | (2,340) | 60 | 47 | 60 |
| Depreciation and amortization (*) | 6,335 | 5,792 | 3,172 | 2,941 |
| Adjusted EBITDA | <u>\$ 17,571</u> | <u>\$ 7,819</u> | <u>\$ 9,180</u> | <u>\$ 5,290</u> |

(*) Including amortization of lease incentive

SEGMENT REVENUES:

| | Six months ended | | Three months ended | |
|-------------------------------------|--------------------------|--------------------------|---------------------------|-------------------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | Unaudited | |
| Satellite Networks | \$ 74,273 | \$ 51,627 | \$ 40,727 | \$ 26,857 |
| Integrated Solutions | 25,619 | 29,397 | 12,700 | 15,691 |
| Network Infrastructure and Services | 26,659 | 25,839 | 14,162 | 12,906 |
| Total revenues | <u>\$ 126,551</u> | <u>\$ 106,863</u> | <u>\$ 67,589</u> | <u>\$ 55,454</u> |

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

| | <u>June 30,</u> <u>2023</u> <u>Unaudited</u> | <u>December 31,</u> <u>2022</u> <u>Audited</u> |
|-------------------------------------|--|--|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 87,408 | \$ 86,591 |
| Restricted cash | 374 | 541 |
| Trade receivables, net | 41,577 | 50,644 |
| Contract assets | 17,557 | 24,971 |
| Inventories | 40,049 | 33,024 |
| Other current assets | 22,744 | 19,283 |
| Total current assets | <u>209,709</u> | <u>215,054</u> |
| LONG-TERM ASSETS: | | |
| Restricted cash | 14 | 13 |
| Long-term contract assets | 9,980 | 11,149 |
| Severance pay funds | 5,551 | 5,947 |
| Deferred taxes | 16,445 | 18,265 |
| Operating lease right-of-use assets | 3,198 | 3,891 |
| Other long-term assets | 9,086 | 10,737 |
| Total long-term assets | <u>44,274</u> | <u>50,002</u> |
| PROPERTY AND EQUIPMENT, NET | <u>73,895</u> | <u>76,578</u> |
| INTANGIBLE ASSETS, NET | <u>209</u> | <u>309</u> |
| GOODWILL | <u>43,468</u> | <u>43,468</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 371,555</u> | <u>\$ 385,411</u> |

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

| | <u>June 30,</u> | <u>December 31,</u> |
|--|-------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| | <u>Unaudited</u> | <u>Audited</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 14,662 | \$ 20,668 |
| Accrued expenses | 43,091 | 50,356 |
| Advances from customers and deferred revenues | 33,240 | 30,531 |
| Operating lease liabilities | 1,870 | 1,941 |
| Other current liabilities | 14,353 | 22,291 |
| | <u>107,216</u> | <u>125,787</u> |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay | 6,381 | 6,580 |
| Long-term advances from customers and deferred revenues | 1,480 | 1,041 |
| Operating lease liabilities | 1,261 | 1,890 |
| Other long-term liabilities | 181 | 5,988 |
| | <u>9,303</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 | 933,200 | 932,086 |
| Accumulated other comprehensive loss | (6,955) | (6,847) |
| Accumulated deficit | (673,920) | (683,825) |
| | <u>255,036</u> | <u>244,125</u> |
| Total shareholders' equity | <u>255,036</u> | <u>244,125</u> |
| <u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u> | <u>\$ 371,555</u> | <u>\$ 385,411</u> |

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

| | Six months ended | | Three months ended | |
|--|------------------|------------------|--------------------|------------------|
| | June 30, | | June 30, | |
| | 2023 | 2022 | 2023 | 2022 |
| | Unaudited | | Unaudited | |
| Cash flows from operating activities: | | | | |
| Net income (loss) | \$ 9,905 | \$ (2,028) | \$ 4,325 | \$ 506 |
| Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 6,222 | 5,683 | 3,115 | 2,887 |
| Impairment of held for sale asset | - | 439 | - | 229 |
| Stock-based compensation of options | 1,114 | 1,061 | 512 | 569 |
| Accrued severance pay, net | 196 | 114 | (101) | 177 |
| Deferred taxes, net | 1,820 | 1,664 | 694 | 1,358 |
| Decrease (increase) in trade receivables, net | 9,398 | (11,883) | 2,907 | (5,471) |
| Decrease (increase) in contract assets | 8,378 | (2,608) | 3,461 | (599) |
| Decrease (increase) in other assets and other adjustments (including short-term, long-term and effect of exchange rate changes on cash and cash equivalents) | 243 | (7,763) | 3,010 | (4,047) |
| Increase in inventories | (7,895) | (4,075) | (272) | (1,731) |
| Increase (decrease) in trade payables | (4,240) | 4,205 | (6,229) | 2,533 |
| Decrease in accrued expenses | (5,039) | (1,690) | (2,840) | (2,442) |
| Increase in advance from customers and deferred revenue | 3,124 | 7,010 | 7,593 | 4,700 |
| Decrease in other liabilities | (15,009) | (810) | (14,161) | (1,975) |
| Net cash provided by (used in) operating activities | 8,217 | (10,681) | 2,014 | (3,306) |
| Cash flows from investing activities: | | | | |
| Purchase of property and equipment | (6,556) | (4,515) | (3,524) | (2,314) |
| Repayment of short term deposits | - | 2,159 | - | 2,159 |
| Net cash used in investing activities | (6,556) | (2,356) | (3,524) | (155) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (1,010) | 32 | (433) | (221) |
| Increase (decrease) in cash, cash equivalents and restricted cash | 651 | (13,005) | (1,943) | (3,682) |
| Cash, cash equivalents and restricted cash at the beginning of the period | 87,145 | 84,463 | 89,739 | 75,140 |
| Cash, cash equivalents and restricted cash at the end of the period | \$ 87,796 | \$ 71,458 | \$ 87,796 | \$ 71,458 |