

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

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	Unaudited		Unaudited	
Revenues	\$ 190,478	\$ 167,213	\$ 63,927	\$ 60,350
Cost of revenues	114,453	108,021	38,123	37,315
Gross profit	76,025	59,192	25,804	23,035
Research and development expenses, net	29,549	25,542	10,546	9,156
Selling and marketing expenses	18,124	15,724	6,183	5,414
General and administrative expenses	12,903	*) 13,214	3,748	*) 4,719
Impairment of held for sale asset	-	718	-	279
Other operating expenses (income), net	(9,757)	*) 111	(7,417)	*) 51
Total operating expenses	50,819	55,309	13,060	19,619
Operating income	25,206	3,883	12,744	3,416
Financial expenses, net	1,087	2,716	352	1,053
Income before taxes on income	24,119	1,167	12,392	2,363
Taxes on income	4,062	1,075	2,240	243
Net income	\$ 20,057	\$ 92	\$ 10,152	\$ 2,120
Earnings per share (basic and diluted)	\$ 0.35	\$ 0.00	\$ 0.18	\$ 0.04
Weighted average number of shares used in computing earnings per share				
Basic	56,618,407	56,585,858	56,623,793	56,608,981
Diluted	56,623,125	56,604,854	56,624,966	56,626,283

*) 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 September 30, 2023			Three months ended September 30, 2022		
	GAAP	Adjustments (*) Unaudited	Non-GAAP	GAAP	Adjustments (*) Unaudited	Non-GAAP
Gross profit	\$ 25,804	\$ 108	\$ 25,912	\$ 23,035	\$ 74	\$ 23,109
Operating expenses	13,060	6,753	19,813	19,619	(879)	18,740
Operating income	12,744	(6,645)	6,099	3,416	953	4,369
Income before taxes on income	12,392	(6,645)	5,747	2,363	953	3,316
Net income	\$ 10,152	\$ (5,568)	\$ 4,584	\$ 2,120	\$ 911	\$ 3,031
Earnings per share (basic and diluted)	\$ 0.18	\$ (0.10)	\$ 0.08	\$ 0.04	\$ 0.02	\$ 0.06
Weighted average number of shares used in computing earnings per share						
Basic	<u>56,623,793</u>		<u>56,623,793</u>	<u>56,608,981</u>		<u>56,608,981</u>
Diluted	<u>56,624,966</u>		<u>56,906,057</u>	<u>56,626,283</u>		<u>56,652,855</u>

(*) Adjustments reflect the effect of non-cash stock-based compensation expenses as per ASC 718, amortization of intangible assets related to acquisition transactions, impairment of held for sale asset, other operating expenses (income), net and income tax effect on adjustments which is calculated using the relevant effective tax rate.

	Three months ended September 30, 2023	Three months ended September 30, 2022
	Unaudited	Unaudited
GAAP net income	\$ 10,152	\$ 2,120
Gross profit		
Non-cash stock-based compensation expenses	<u>108</u>	<u>74</u>
Operating expenses		
Non-cash stock-based compensation expenses	<u>614</u>	<u>498</u>
Amortization of intangible assets related to acquisition transactions	<u>50</u>	<u>51</u>
Impairment of held for sale asset	<u>-</u>	<u>279</u>
Other operating expenses (income), net	<u>(7,417)</u>	<u>51</u>
	<u>(6,753)</u>	<u>879</u>
Income tax effect on adjustments	<u>1,077</u>	<u>(42)</u>
Non-GAAP net income	\$ 4,584	\$ 3,031

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)

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	GAAP	Adjustments (*) Unaudited	Non-GAAP	GAAP	Adjustments (*) Unaudited	Non-GAAP
Gross profit	\$ 76,025	\$ 278	\$ 76,303	\$ 59,192	\$ 230	\$ 59,422
Operating expenses	50,819	8,049	58,868	55,309	(2,394)	52,915
Operating income	25,206	(7,771)	17,435	3,883	2,624	6,507
Income before taxes on income	24,119	(7,771)	16,348	1,167	2,624	3,791
Net income	<u>\$ 20,057</u>	<u>\$ (6,694)</u>	<u>\$ 13,363</u>	<u>\$ 92</u>	<u>\$ 2,582</u>	<u>\$ 2,674</u>
Earnings per share (basic and diluted)	<u>\$ 0.35</u>	<u>\$ (0.11)</u>	<u>\$ 0.24</u>	<u>\$ 0.00</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>56,618,407</u>		<u>56,618,407</u>	<u>56,585,858</u>		<u>56,585,858</u>
Diluted	<u>56,623,125</u>		<u>56,716,822</u>	<u>56,604,854</u>		<u>56,659,298</u>

(*) Adjustments reflect the effect of non-cash stock-based compensation expenses as per ASC 718, amortization of intangible assets related to acquisition transactions, impairment of held for sale asset, other operating expenses (income), net and income tax effect on adjustments which is calculated using the relevant effective tax rate.

	Nine months ended September 30, 2023 Unaudited	Nine months ended September 30, 2022 Unaudited
GAAP net income	\$ 20,057	\$ 92
Gross profit		
Non-cash stock-based compensation expenses	278	220
Amortization of intangible assets related to acquisition transactions	-	10
	<u>278</u>	<u>230</u>
Operating expenses		
Non-cash stock-based compensation expenses	1,558	1,413
Amortization of intangible assets related to acquisition transactions	150	152
Impairment of held for sale asset	-	718
Other operating expenses (income), net	(9,757)	111
	<u>(8,049)</u>	<u>2,394</u>
Income tax effect on adjustments	<u>1,077</u>	<u>(42)</u>
Non-GAAP net income	<u>\$ 13,363</u>	<u>\$ 2,674</u>

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

ADJUSTED EBITDA:

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	Unaudited		Unaudited	
GAAP net income	\$ 20,057	\$ 92	\$ 10,152	\$ 2,120
Adjustments:				
Financial expenses, net	1,087	2,716	352	1,053
Taxes on income	4,062	1,075	2,240	243
Non-cash stock-based compensation expenses	1,836	1,633	722	572
Impairment of held for sale asset	-	718	-	279
Other operating expenses (income), net	(9,757)	111	(7,417)	51
Depreciation and amortization (*)	9,765	8,770	3,430	2,978
Adjusted EBITDA	<u>\$ 27,050</u>	<u>\$ 15,115</u>	<u>\$ 9,479</u>	<u>\$ 7,296</u>

(*) Including amortization of lease incentive

SEGMENT REVENUES:

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	Unaudited		Unaudited	
Satellite Networks	\$ 115,010	\$ 83,993	\$ 40,737	\$ 32,366
Integrated Solutions	36,630	45,047	11,011	15,650
Network Infrastructure and Services	38,838	38,173	12,179	12,334
Total revenues	<u>\$ 190,478</u>	<u>\$ 167,213</u>	<u>\$ 63,927</u>	<u>\$ 60,350</u>

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

	<u>September 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	\$ 99,530	\$ 86,591
Restricted cash	749	541
Trade receivables, net	46,966	50,644
Contract assets	20,522	24,971
Inventories	37,673	33,024
Other current assets	20,407	19,283
Total current assets	<u>225,847</u>	<u>215,054</u>
LONG-TERM ASSETS:		
Restricted cash	14	13
Long-term contract assets	9,283	11,149
Severance pay funds	5,407	5,947
Deferred taxes	14,500	18,265
Operating lease right-of-use assets	3,609	3,891
Other long-term assets	8,920	10,737
Total long-term assets	<u>41,733</u>	<u>50,002</u>
PROPERTY AND EQUIPMENT, NET	<u>73,697</u>	<u>76,578</u>
INTANGIBLE ASSETS, NET	<u>165</u>	<u>309</u>
GOODWILL	<u>43,468</u>	<u>43,468</u>
<u>TOTAL ASSETS</u>	<u>\$ 384,910</u>	<u>\$ 385,411</u>

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

	<u>September 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	\$ 13,884	\$ 20,668
Accrued expenses	45,534	50,356
Advances from customers and deferred revenues	33,108	30,531
Operating lease liabilities	2,128	1,941
Other current liabilities	15,745	22,291
	<hr/>	<hr/>
Total current liabilities	110,399	125,787
LONG-TERM LIABILITIES:		
Accrued severance pay	6,195	6,580
Long-term advances from customers and deferred revenues	1,123	1,041
Operating lease liabilities	1,403	1,890
Other long-term liabilities	279	5,988
	<hr/>	<hr/>
Total long-term liabilities	9,000	15,499
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,712	2,711
Additional paid-in capital	933,921	932,086
Accumulated other comprehensive loss	(7,354)	(6,847)
Accumulated deficit	(663,768)	(683,825)
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Total shareholders' equity	265,511	244,125
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<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$ 384,910</u>	<u>\$ 385,411</u>

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

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	Unaudited		Unaudited	
Cash flows from operating activities:				
Net income	\$ 20,057	\$ 92	\$ 10,152	\$ 2,120
Adjustments required to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	9,597	8,604	3,375	2,921
Capital gain from sale of property	(2,084)	-	(2,084)	-
Impairment of held for sale asset	-	718	-	279
Stock-based compensation	1,836	1,633	722	572
Accrued severance pay, net	155	92	(41)	(22)
Deferred taxes, net	3,865	1,823	2,045	159
Decrease (increase) in trade receivables, net	3,887	(12,270)	(5,511)	(387)
Decrease (increase) in contract assets	6,110	(2,290)	(2,268)	318
Decrease (increase) in other assets and other adjustments (including short-term, long-term and effect of exchange rate changes on cash and cash equivalents)	3,598	(8,652)	3,355	(889)
Decrease (increase) in inventories	(6,185)	(6,030)	1,710	(1,955)
Increase (decrease) in trade payables	(5,321)	4,315	(1,081)	110
Increase (decrease) in accrued expenses	(2,782)	(1,767)	2,257	(77)
Increase (decrease) in advance from customers and deferred revenues	2,646	7,397	(478)	387
Increase (decrease) in other liabilities	(13,392)	365	1,617	1,175
Net cash provided by (used in) operating activities	21,987	(5,970)	13,770	4,711
Cash flows from investing activities:				
Purchase of property and equipment	(8,656)	(9,225)	(2,100)	(4,710)
Proceeds from short term deposits	-	2,159	-	-
Investment in financial instrument	-	(1,536)	-	(1,536)
Receipts from sale of property	2,168	-	2,168	-
Net cash provided by (used in) investing activities	(6,488)	(8,602)	68	(6,246)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,351)	(15)	(1,341)	(47)
Increase (decrease) in cash, cash equivalents and restricted cash	13,148	(14,587)	12,497	(1,582)
Cash, cash equivalents and restricted cash at the beginning of the period	87,145	84,463	87,796	71,458
Cash, cash equivalents and restricted cash at the end of the period	\$ 100,293	\$ 69,876	\$ 100,293	\$ 69,876