

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

	Twelve months ended December 31,		Three months ended December 31,	
	2023	2022	2023	2022
	Unaudited	Audited	Unaudited	
Revenues	\$ 266,090	\$ 239,840	\$ 75,612	\$ 72,627
Cost of revenues	161,145	152,932	46,692	44,911
Gross profit	104,945	86,908	28,920	27,716
Research and development expenses, net	41,173	35,640	11,624	10,098
Selling and marketing expenses	25,243	21,694	7,119	5,970
General and administrative expenses	19,215 *)	18,412	6,312 *)	5,198
Impairment of held for sale asset	-	771	-	53
Other operating expenses (income), net	(8,771) *)	438	986 *)	327
Total operating expenses	76,860	76,955	26,041	21,646
Operating income	28,085	9,953	2,879	6,070
Financial income (expenses), net	109	(2,818)	1,196	(102)
Income before taxes on income	28,194	7,135	4,075	5,968
Taxes on income	4,690	13,063	628	11,988
Net income (loss)	\$ 23,504	\$ (5,928)	\$ 3,447	\$ (6,020)
Earnings (losses) per share (basic and diluted)	\$ 0.41	\$ (0.10)	\$ 0.06	\$ (0.11)
Weighted average number of shares used in computing earnings (losses) per share				
Basic	<u>56,668,999</u>	<u>56,591,994</u>	<u>56,820,774</u>	<u>56,610,404</u>
Diluted	<u>56,672,537</u>	<u>56,591,994</u>	<u>56,820,774</u>	<u>56,610,404</u>

*) Reclassified

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 December 31, 2023			Three months ended December 31, 2022		
	GAAP	Adjustments (*) Unaudited	Non-GAAP	GAAP	Adjustments (*) Unaudited	Non-GAAP
	Gross profit	\$ 28,920	\$ 617	\$ 29,537	\$ 27,716	\$ 73
Operating expenses	26,041	(2,615)	23,426	21,646	(943)	20,703
Operating income	2,879	3,232	6,111	6,070	1,016	7,086
Income before taxes on income	4,075	3,232	7,307	5,968	1,016	6,984
Net income (loss)	<u>\$ 3,447</u>	<u>\$ 3,097</u>	<u>\$ 6,544</u>	<u>\$ (6,020)</u>	<u>\$ 13,896</u>	<u>\$ 7,876</u>
Basic earnings (losses) per share	<u>\$ 0.06</u>	<u>\$ 0.06</u>	<u>\$ 0.12</u>	<u>\$ (0.11)</u>	<u>\$ 0.25</u>	<u>\$ 0.14</u>
Diluted earnings (losses) per share	<u>\$ 0.06</u>	<u>\$ 0.05</u>	<u>\$ 0.11</u>	<u>\$ (0.11)</u>	<u>\$ 0.25</u>	<u>\$ 0.14</u>
Weighted average number of shares used in computing earnings (losses) per share						
Basic	<u>56,820,774</u>		<u>56,820,774</u>	<u>56,610,404</u>		<u>56,610,404</u>
Diluted	<u>56,820,774</u>		<u>56,987,939</u>	<u>56,610,404</u>		<u>56,623,366</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, one-time tax expense related to the release of historical tax-exempt earnings and income tax effect on adjustments which is calculated using the relevant effective tax rate.

	Three months ended December 31, 2023	Three months ended December 31, 2022
	Unaudited	Unaudited
GAAP net income (loss)	\$ 3,447	\$ (6,020)
Gross profit		
Non-cash stock-based compensation expenses	129	73
Amortization of intangible assets related to acquisition transactions	448	-
Others	40	-
	<u>617</u>	<u>73</u>
Operating expenses		
Non-cash stock-based compensation expenses	1,458	513
Amortization of intangible assets related to acquisition transactions	162	50
Impairment of held for sale asset	-	53
Other operating expenses (income), net	986	327
Others	9	-
	<u>2,615</u>	<u>943</u>
Taxes on income	<u>(135)</u>	<u>12,880</u>
Non-GAAP net income	<u>\$ 6,544</u>	<u>\$ 7,876</u>

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)

	Twelve months ended December 31, 2023			Twelve months ended December 31, 2022		
	GAAP	Adjustments (*)	Non-GAAP	GAAP	Adjustments (*)	Non-GAAP
	Unaudited			Audited	Unaudited	
Gross profit	\$ 104,945	\$ 895	\$ 105,840	\$ 86,908	\$ 303	\$ 87,211
Operating expenses	76,860	5,434	82,294	76,955	(3,337)	73,618
Operating income	28,085	(4,539)	23,546	9,953	3,640	13,593
Income before taxes on income	28,194	(4,539)	23,655	7,135	3,640	10,775
Net income (loss)	<u>\$ 23,504</u>	<u>\$ (3,597)</u>	<u>\$ 19,907</u>	<u>\$ (5,928)</u>	<u>\$ 16,478</u>	<u>\$ 10,550</u>
Earnings (losses) per share (basic and diluted)	<u>\$ 0.41</u>	<u>\$ (0.06)</u>	<u>\$ 0.35</u>	<u>\$ (0.10)</u>	<u>\$ 0.29</u>	<u>\$ 0.19</u>
Weighted average number of shares used in computing earnings (losses) per share						
Basic	<u>56,668,999</u>		<u>56,668,999</u>	<u>56,591,994</u>		<u>56,591,994</u>
Diluted	<u>56,672,537</u>		<u>56,784,601</u>	<u>56,591,994</u>		<u>56,650,362</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, one-time tax expense related to the release of historical tax-exempt earnings and income tax effect on adjustments which is calculated using the relevant effective tax rate.

	Twelve months ended December 31, 2023		Twelve months ended December 31, 2022	
	Unaudited		Unaudited	
GAAP net income (loss)	\$	23,504	\$	(5,928)
Gross profit				
Non-cash stock-based compensation expenses		407		293
Amortization of intangible assets related to acquisition transactions		448		10
Others		40		-
		<u>895</u>		<u>303</u>
Operating expenses				
Non-cash stock-based compensation expenses		3,016		1,927
Amortization of intangible assets related to acquisition transactions		312		201
Impairment of held for sale asset		-		771
Other operating expenses (income), net		(8,771)		438
Others		9		-
		<u>(5,434)</u>		<u>3,337</u>
Taxes on income		<u>942</u>		<u>12,838</u>
Non-GAAP net income	<u>\$</u>	<u>19,907</u>	<u>\$</u>	<u>10,550</u>

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

ADJUSTED EBITDA:

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	Unaudited		Unaudited	
GAAP net income (loss)	\$ 23,504	\$ (5,928)	\$ 3,447	\$ (6,020)
Adjustments:				
Financial expenses (income), net	(109)	2,818	(1,196)	102
Taxes on income	4,690	13,063	628	11,988
Non-cash stock-based compensation expenses	3,423	2,220	1,587	586
Impairment of held for sale asset	-	771	-	53
Depreciation and amortization (*)	13,627	11,832	3,862	3,063
Other operating expenses (income), net	(8,771)	438	986	327
Others	49	-	49	-
Adjusted EBITDA	<u>\$ 36,413</u>	<u>\$ 25,214</u>	<u>\$ 9,363</u>	<u>\$ 10,099</u>

(*) Including amortization of lease incentive

SEGMENT REVENUES:

	Twelve months ended		Three months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	Unaudited	Audited	Unaudited	
Satellite Networks	\$ 168,527	\$ 120,381	\$ 53,517	\$ 36,388
Integrated Solutions	46,133	61,376	9,503	16,329
Network Infrastructure and Services	51,430	58,083	12,592	19,910
Total revenues	<u>\$ 266,090</u>	<u>\$ 239,840</u>	<u>\$ 75,612</u>	<u>\$ 72,627</u>

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

	December 31, 2023	December 31, 2022
	Unaudited	Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 103,961	\$ 86,591
Restricted cash	736	541
Trade receivables, net	44,725	50,644
Contract assets	28,327	24,971
Inventories	38,525	33,024
Other current assets	24,299	19,283
Total current assets	240,573	215,054
LONG-TERM ASSETS:		
Restricted cash	54	13
Long-term contract assets	9,283	11,149
Severance pay funds	5,737	5,947
Deferred taxes	11,484	18,265
Operating lease right-of-use assets	5,105	3,891
Other long-term assets	9,544	10,737
Total long-term assets	41,207	50,002
PROPERTY AND EQUIPMENT, NET	74,315	76,578
INTANGIBLE ASSETS, NET	16,051	309
GOODWILL	54,740	43,468
<u>TOTAL ASSETS</u>	<u>\$ 426,886</u>	<u>\$ 385,411</u>

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

	December 31, 2023	December 31, 2022
	Unaudited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term loan	\$ 7,453	\$ -
Trade payables	13,873	20,668
Accrued expenses	51,906	50,356
Advances from customers and deferred revenues	34,495	30,531
Operating lease liabilities	2,426	1,941
Other current liabilities	16,431	22,291
Total current liabilities	126,584	125,787
LONG-TERM LIABILITIES:		
Long-term loan	2,000	-
Accrued severance pay	6,537	6,580
Long-term advances from customers and deferred revenues	1,139	1,041
Operating lease liabilities	3,022	1,890
Other long-term liabilities	12,916	5,988
Total long-term liabilities	25,614	15,499
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,733	2,711
Additional paid-in capital	937,591	932,086
Accumulated other comprehensive loss	(5,315)	(6,847)
Accumulated deficit	(660,321)	(683,825)
Total shareholders' equity	274,688	244,125
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$ 426,886</u>	<u>\$ 385,411</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,	
	2023	2022	2023	2022
	Unaudited	Audited	Unaudited	
<u>Cash flows from operating activities:</u>				
Net income (loss)	\$ 23,504	\$ (5,928)	\$ 3,447	\$ (6,020)
Adjustments required to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	13,402	11,608	3,805	3,004
Capital gain from sale of property	(2,084)	-	-	-
Impairment of held for sale asset	-	771	-	53
Stock-based compensation	3,423	2,220	1,587	586
Accrued severance pay, net	167	136	12	44
Deferred taxes, net	2,662	(627)	(1,203)	(2,450)
Decrease (increase) in trade receivables, net	13,448	(11,162)	9,561	1,108
Decrease (increase) in contract assets	(1,694)	2,481	(7,804)	4,771
Decrease (increase) in other assets and other adjustments (including short-term, long-term and effect of exchange rate changes on cash and cash equivalents)	(351)	(3,445)	(3,949)	5,208
Decrease (increase) in inventories	(2,387)	(5,416)	3,798	614
Decrease in trade payables	(7,635)	(259)	(2,314)	(4,574)
Increase in accrued expenses	735	549	3,517	2,316
Increase (decrease) in advance from customers and deferred revenues	803	5,929	(1,843)	(1,468)
Increase (decrease) in other liabilities	(12,049)	13,957	1,343	13,592
Net cash provided by operating activities	31,944	10,814	9,957	16,784
<u>Cash flows from investing activities:</u>				
Purchase of property and equipment	(10,746)	(12,793)	(2,090)	(3,568)
Proceeds from short-term deposits	-	2,159	-	-
Investment in financial instrument	-	(1,536)	-	-
Acquisitions of subsidiary, net of cash acquired	(4,107)	-	(4,107)	-
Receipts from sales of properties	2,168	4,006	-	4,006
Net cash provided by (used in) investing activities	(12,685)	(8,164)	(6,197)	438
<u>Cash flows from financing activities:</u>				
Repayment of short-term loan	(1,590)	-	(1,590)	-
Net cash used in financing activities	(1,590)	-	(1,590)	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(63)	32	2,288	47
Increase in cash, cash equivalents and restricted cash	17,606	2,682	4,458	17,269
Cash, cash equivalents and restricted cash at the beginning of the period	87,145	84,463	100,293	69,876
Cash, cash equivalents and restricted cash at the end of the period	\$ 104,751	\$ 87,145	\$ 104,751	\$ 87,145