

Communications Infrastructure

Gilat Satellite Networks (GILT)
RYAN KOONTZ

(415)-873-3464

rkooontz@needhamco.com

RATING BUY	PRICE TARGET \$8.50	PREV CLOSE \$5.58	52-WEEK RANGE \$4.95 - \$7.16
----------------------	-------------------------------	-----------------------------	---

DataPath Acquisition Races Out of the Gate

GILT reported solid 1Q24 revenue and adj. EBITDA, both ~ in line with consensus, and beat on EPS. 1Q revenue increased 29% y/y as the DataPath acquisition contributed a strong first full Q (\$13MM) in defense while Infrastructure segment sales increased 40% q/q. The balance of the business, notably IFC and defense, was steady and saw strong bookings. GILT maintained C24 revenue/EBITDA guidance (+18%/+15% y/y at MP) reflecting a ~\$45MM revenue contribution from DataPath.

We largely maintain our F24 revenue and Adj EBITDA estimates as well as our Buy rating and \$8.50 PT.

- **F1Q24 Results:** GILT delivered GAAP revenue of \$76.1MM (+29% y/y), which was just shy of the \$77.1MM consensus, while EPS Of \$0.09 was ahead the \$0.06 consensus, driven by Satellite Networks and Network Infrastructure, and including a strong (\$13MM) contribution from Datapath.
 - GAAP GM of 36.9% was impacted by inclusion of lower margin Datapath.
 - GAAP OM of 7.1% (-480bps y/y) was impacted by higher G&A costs related to its acquisition close.
 - Adj. EBITDA of \$9.3MM was slightly above the \$9.0MM consensus estimate.
 - **Satellite Networks revenue** increased an impressive 39.4% y/y to \$46.8MM (61% of revenue) primarily due to the Datapath contribution,
 - **Integrated Solutions'** revenue decreased -9.8% y/y to \$11.7MM (15% of revenue) while **Network Infrastructure** and Services (Peru) revenue was strong, growing 41.3% y/y to \$17.7MM (23% of revenue).
- Management reported its 6th and final Peru region is completed with final acceptance expected during C24, expected to lead to increased recurring Infrastructure revenue, and noted several active RFPs in Peru.
- Additionally, the company pointed to several significant new orders across defense and IFC verticals received in 1Q.
- In response to questions about the SES/Intelsat merger, management is enthused about the combination creating a stronger, more financially healthy strategic customer and expects no changes to "near-term" plans over the next 1-2 years given the industry development cycle.
- GILT management reported strong engagements across a number of LEO opportunities, each with supplier decisions expected over the NTM including IS2, OpenWeb v2, and Kuiper and meaningful revenue opportunities in C26.

KEY DATA

Market Cap (MM)	\$318.1
Price (05/08/2024)	\$5.58
52-Week Range	\$4.95 - \$7.16
Shares Outstanding	57.02
Avg. Daily Volume	206,981.9

ESTIMATES

FY (Dec)	2023E	2024E	2025E
EPS			
Q1	0.10A	0.09E	0.07E
Previous	—	0.06E	0.08E
Q2	0.08E	0.04E	0.08E
Previous	—	0.08E	0.09E
Q3	0.18E	0.07E	0.09E
Previous	—	0.08E	0.10E
Q4	0.06E	0.09E	0.11E
Previous	—	0.10E	0.12E
Year	0.42E	0.30E	0.35E
Previous	—	0.33E	0.39E
Growth	NM	NM	16.7%
P/E	13.3x	18.6x	15.9x

Rev. (MM)(\$)

Year	266.1E	313.9E	338.9E
Previous	—	315.2E	340.5E
Growth Rev	11.0%	18.0%	8.0%

Op. Margin

Year	10.6%E	5.8%E	6.8%E
Previous	—	5.3%E	7.0%E

EBITDA

Year	36.4E	42.2E	52.0E
Previous	—	42.9E	52.8E

- **2024 guidance:** GILT reiterated previous 2024 revenue guidance in the range of \$305-\$325MM and Adj. EBITDA guidance of \$40-\$44MM. GILT expects 2024 operating income in the range of \$15-\$19MM.
- **Updating estimates:** Our 2024 revenue/Adj. EBITDA estimates go to \$313.9MM/\$42.5MM from \$315.2MM/\$42.9MM while our 2025 revenue/Adj. EBITDA estimates go to \$338.9MM/\$0.35 from \$340.5MM/\$52.8MM.

At a Glance

OUR INVESTMENT THESIS

GILT maintains a strong market position stemming from its long history of innovation and a stable competitive environment. Following relatively slow industry growth over the 2010 decade, we see new capital investment surging in the new LEO satellite segment as well as a growth inflection in the traditional GSO segment driven by demand for data connectivity and increasing bandwidth at all points on the globe. GILT has important exposure to the IFC, fixed broadband, mobile backhaul, rail and maritime transportation, and specialty government markets. With its Peru network construction nearing completion and poised to deliver ~\$50M per year in high-EBITDA revenue, we also expect improved financial performance from its two core satellite business segments. We see GILT leveraging a focused strategy to move up-market and provide more turn-key platform and systems-level products, which should usher in improving margins and profitability. The company's strong balance sheet and improving profitability could enable GILT to become a consolidator of specialty satellite technology needed by a satellite market in the midst of a growth inflection.

BULL CASE ASSUMPTIONS

- Satellite connectivity and capacity growth accelerates, becoming a disruptive force across many communications industries.
- IFC market growth accelerates as high-performance WiFi becomes a competitive weapon among airlines, further opening a high GM opportunity with high barriers to entry.
- GILT gains share in the fast growing LEO satellite sector.
- Defense satellite spending among U.S. allies remains robust due to global conflicts.
- Profitability from its Peru terrestrial network improves with expanded contracts.

OUR CASE ASSUMPTIONS

- IFC market growth is steady, driven by major U.S. and European airlines.
- Government satellite spending is flat due to increased spending on commercial solutions.
- Profitability from Peru achieves management expectations.

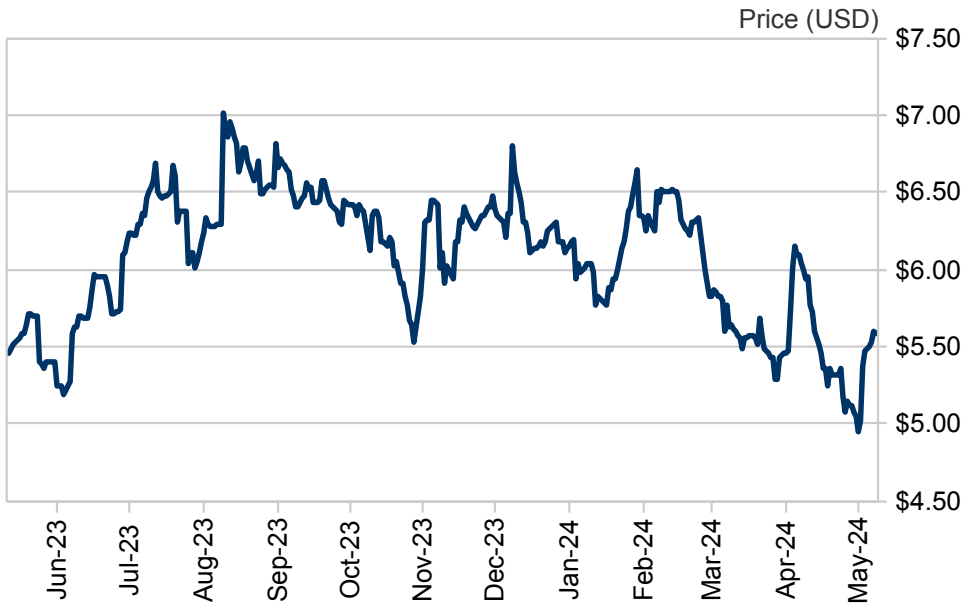
BEAR CASE ASSUMPTIONS

- GILT does not win meaningful share with LEO operators who meaningfully disrupt GEO and MEO operators.
- IFC market growth slows as airlines reduce capital investment due to difficult macro-economic conditions.
- Government spending on satellites declines.

COMPANY DESCRIPTION

Gilat Satellite Networks, Ltd is a leading global provider of satellite-based broadband communications products, designing and manufacturing ground-based satellite communications equipment while providing comprehensive solutions for end-to-end services powered by the company's innovative technology. The GILT portfolio includes a cloud-based satellite network platform, Very Small Aperture Terminals, or VSATs, amplifiers, high-speed modems, high-performance on-the-move antennas, and high efficiency, high power Solid State Power Amplifiers, or SSPAs, Block Upconverters, or BUCs, and Transceivers. The company's comprehensive solutions support multiple applications with a full portfolio of products to address key applications, including broadband internet access, cellular backhaul over satellite, enterprise, social inclusion solutions, In-Flight-Connectivity (IFC), maritime, trains, defense, and public safety, all while meeting the most stringent service level requirements. GILT has a large installed base, currently servicing hundreds of active networks. GILT also provides managed network and services for satellite and terrestrial networks, including its large network in Peru.

PRICE PERFORMANCE



KEY DATA

Market Cap (MM)	\$318.1
Price (05/08/2024)	\$5.58
52-Week Range	\$4.95 - \$7.16
Shares Outstanding	57.02
Avg. Daily Volume	206,981.9

1Q24 RESULTS AND 2Q24 OUTLOOK

	1Q24 Results					2Q24 Estimates		
	Actual	Needham Estimate	Delta	% Delta	% y/y	Needham New	Needham Old	Consensus
Segment Revenue								
Satellite Networks	46.8	50.7	-3.9	-8%	47.1%	48.1	51.7	
Integrated Solutions	11.7	13.4	-1.7	-13%	(41.8%)	13.1	13.1	
Network Infrastructure and Services	17.7	13.1	4.5	35%	(36.8%)	12.9	13.0	
Total	76.1	77.1	-1.1	-1.4%	4.1%	74.1	77.9	77.9
Gross Margin (Non-GAAP)	36.9%	37.0%	-10BPs			37.0%	37.4%	37.4%
R&D	9.3	12.5	-3.2	-25%		10.4	12.6	
S&M	7.1	7.4	-0.3	-4%		7.3	7.5	
G&A	8.1	5.6	2.4	43%		7.3	4.8	
Total Op-Ex	22.7	25.5	-2.9	-11%		25.0	24.9	
Op Income	5.4	3.0	2.4	79%		2.4	4.2	
Operating Margin	7.1%	3.9%	3.2%			3.3%	5.4%	5.4%
Adjusted EBITDA	9.3	9.0	0.3			8.4	10.2	
GAAP EPS	\$0.09	\$0.06	\$0.02	37%		\$0.04	\$0.08	
Diluted Shares Outstanding	57.0	56.8	0.2	0%		57.0	57.0	

Source: Company data and Needham & Company estimates

- 1Q24 Results:** GILT delivered GAAP revenue of \$76.1MM (+29% y/y), which was just shy of the \$77.1MM consensus, while EPS of \$0.09 was ahead the \$0.06 consensus estimate, driven by Satellite Networks segment and strong contributions from Datapath. GAAP OM of 7.1% (-480bps y/y) was impacted by higher G&A costs related to its acquisition close. Adj. EBITDA of \$9.3MM was slightly above the \$9.0MM consensus estimate.

2024 Guidance			2024		2025	
	New	Old	Needham New	Needham Old	Needham New	Needham Old
Revenues	\$305-\$325	\$305-\$325	313.9	315.2	338.9	340.5
Gross Margin			37.0%	37.5%	37.2%	37.5%
Operating Income	\$15-\$19	\$15-\$19	98.1	101.5	103.0	103.6
Operating Expense			5.8%	5.3%	6.8%	7.0%
Adj. EBITDA	\$40-\$44	\$40-\$44	\$0.30	\$0.33	\$0.35	\$0.39
EPS						

- 2024 guidance:** GILT reiterated 2024 revenue guidance in the range of \$305-\$325MM and Adj. EBITDA guidance of \$40-\$44MM. GILT expects 2024 operating income in the range of \$15-\$19MM.
- Updating estimates:** Our 2024 revenue/Adj. EBITDA estimates go to \$313.9MM/\$42.5MM from \$315.2MM/\$42.9MM while our 2025 revenue/Adj. EBITDA estimates go to \$338.9MM/\$0.35 from \$340.5MM/\$52.8MM.

FINANCES (AS OF 1Q24)

GILT ended 1Q24 with cash, cash equivalents and restricted cash of \$104MM, was unchanged from the prior Q and up from \$89.1MM one year earlier.

The company generated \$4.2MM in cash from operating activities, down from \$10MM in the prior Q and \$6.2MM in 1Q23. GILT finished 1Q24 with \$9.5MM in debt.

DSO, which excludes receivables and revenues for the networks in Peru, were 76 days, an increase from 63 days in the previous Q. The company targets a healthy DSO in the range of 60-90 days,

Income Statement

Income Statement (Dollars in millions except per share amounts. EPS)	Full Year FY 21	Full Year FY 22	Full Year FY 23	Mar 1Q24A	Jun 2Q24E	Sep 3Q24E	Dec 4Q24E	Full Year FY 24	Mar 1Q25E	Jun 2Q25E	Sep 3Q25E	Dec 4Q25E	Full Year FY 25
Total Revenue	215.0	239.8	266.1	76.1	74.1	79.3	84.4	313.9	83.2	79.2	85.6	91.0	338.9
<i>y/y % growth</i>	29.6%	11.6%	10.9%	29.0%	9.6%	24.0%	11.7%	18.0%	9.3%	6.9%	8.0%	7.7%	8.0%
<i>q/q % growth</i>				0.6%	-2.6%	7.0%	6.5%		-1.5%	-4.8%	8.1%	6.3%	
COGS	143.7	152.9	161.1	48.0	46.7	49.9	53.1	197.7	53.0	49.7	53.4	56.6	212.7
Gross Profit GAAP	71.3	86.9	104.9	28.1	27.4	29.4	31.3	116.2	30.2	29.5	32.2	34.4	126.2
Gross Margin %	33.2%	36.2%	39.4%	36.9%	37.0%	37.1%	37.1%	37.0%	36.3%	37.2%	37.6%	37.8%	37.2%
R&D	31.3	35.6	41.2	9.3	10.4	10.5	10.9	41.2	13.0	12.4	13.3	13.8	52.5
% of revenue	14.6%	14.9%	15.5%	12.2%	14.1%	13.3%	12.9%	13.1%	15.6%	15.7%	15.5%	15.2%	15.5%
S&M	21.5	21.7	25.2	7.1	7.3	7.1	7.4	28.9	7.3	7.1	7.7	8.0	30.2
% of revenue	10.0%	9.0%	9.5%	9.3%	9.8%	9.0%	8.8%	9.2%	8.8%	9.0%	9.0%	8.8%	8.9%
G&A	15.6	18.9	19.2	8.1	7.3	7.2	7.3	29.8	5.5	4.8	5.1	5.0	20.4
% of revenue	7.3%	7.9%	7.2%	10.6%	9.8%	9.1%	8.6%	9.5%	6.6%	6.0%	6.0%	5.5%	6.0%
Total Operating Expenses GAAP	69.1	77.0	76.9	22.7	25.0	24.9	25.6	98.1	25.8	24.3	26.1	26.8	103.0
<i>Operating Expenses % of Rev. GAAP</i>	32.1%	32.1%	28.9%	29.8%	33.7%	31.4%	30.3%	31.3%	31.0%	30.7%	30.5%	29.5%	30.4%
Operating Income GAAP	2.2	10.0	28.1	5.4	2.4	4.5	5.7	18.1	4.4	5.1	6.1	7.5	23.2
% Operating Margin GAAP	1.0%	4.1%	10.6%	7.1%	3.3%	5.7%	6.8%	5.8%	5.3%	6.5%	7.1%	8.3%	6.8%
Net other income (expense)	(1.7)	(2.8)	0.4	0.5	0.5	0.5	0.5	2.1	0.1	0.1	0.1	0.1	0.4
Pretax Profit (GAAP)	0.5	7.1	28.5	5.9	3.0	5.0	6.3	20.1	4.5	5.2	6.2	7.6	23.6
Taxes (Benefit)	3.5	13.1	4.7	0.9	0.5	0.8	1.0	3.2	0.7	0.8	1.0	1.2	3.8
Effective Tax Rate	760.8%	183.1%	16.5%	15.9%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Net Income (GAAP)	(3.0)	(5.9)	23.8	5.0	2.5	4.2	5.3	16.9	3.8	4.4	5.2	6.4	19.8
EPS (GAAP)	(\$0.05)	(\$0.10)	\$0.42	\$0.09	\$0.04	\$0.07	\$0.09	\$0.30	\$0.07	\$0.08	\$0.09	\$0.11	\$0.35
Basic shares	56.4	56.6	56.7	57.0	57.0	57.1	57.2	57.1	56.6	56.6	56.6	56.6	56.6
Dilutes shares	56.5	56.6	56.7	57.0	57.0	57.1	57.2	57.1	56.6	56.6	56.6	56.6	56.6
Adjusted EBITDA	15.4	25.2	36.4	9.333	8.4	11.5	12.9	42.2	11.6	12.3	13.3	14.7	52.0
Adjusted EBITDA Margin %	7%	11%	14%	12.3%	11.4%	14.5%	15.3%	13%	14.0%	15.6%	15.5%	16.2%	15%
Year-over-year percent change													
<i>Total Revenue</i>		12%	11%	29%	10%	24%	12%	18%	9%	7%	8%	8%	8%
<i>Gross Profit</i>		22%	21%	14%	7%	14%	8%	11%	8%	7%	9%	10%	9%
<i>SG&A</i>		9%	10%	45%	36%	44%	9%	32%	-15%	-18%	-11%	-11%	-14%
<i>R&D</i>		14%	16%	-3%	11%	0%	-6%	0%	39%	19%	26%	27%	27%
<i>Total Operating Expenses</i>		11%	0%	28%	24%	91%	-2%	28%	14%	-3%	5%	5%	5%
<i>Operating Income</i>		356%	182%	-23%	-55%	-65%	99%	-36%	-18%	111%	34%	31%	28%
<i>Pretax Profit</i>		1454%	299%	-18%	-39%	-59%	53%	-29%	-24%	77%	23%	22%	17%
<i>Net Income</i>		NM	-502%	-16%	-43%	-58%	52%	-29%	-24%	77%	23%	22%	17%
<i>EPS (GAAP)</i>		92%	-501%	-16%	-43%	-59%	51%	-29%	-23%	79%	24%	24%	18%
<i>EBITDA</i>		64%	44%	11%	-8%	22%	38%	16%	24%	46%	15%	14%	23%

Balance Sheet

	2021	2022	1Q23	2Q23	3Q23	4Q23	2023	1Q24
Current Assets								
Cash & Cash equivalents	81.9	86.6	89.1	87.4	99.5	104.0	104.0	104.1
Short-term deposits	2.2	0.0					0.0	
Restricted Cash	2.6	0.5	0.6	0.4	0.75	0.7	0.7	1.1
Trade receivables	39.2	50.6	44.4	41.6	47.0	44.7	44.7	53.5
Contract Assets	26.0	25.0	20.5	17.6	20.5	28.3	28.3	22.8
Inventories	28.4	33.0	40.0	40.0	37.7	38.5	38.5	41.2
Other current assets	14.6	19.3	22.1	22.7	20.4	24.3	24.3	20.9
Held for sale asset	4.6	0.0					0.0	
Total current assets	199.4	215.1	216.9	209.7	225.8	240.6	240.6	243.5
Long-term assets							0.0	
Restricted cash	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Long-term contract assets	12.5	11.1	10.5	10.0	9.3	9.3	9.3	8.6
Severance pay funds	6.8	5.9	5.8	5.6	5.4	5.7	5.7	5.7
Tax assets							0.0	
Deferred taxes	17.6	18.3	17.1	16.4	14.5	11.5	11.5	10.9
Operating lease right-of-use assets	4.5	3.9	3.6	3.2	3.6	5.1	5.1	4.9
Other Long-term assets	10.5	10.7	11.6	9.1	8.9	9.5	9.5	9.8
Total long-term assets	51.8	50.0	48.7	44.3	41.7	41.2	41.2	39.9
PP&E, net	72.4	76.6	75.3	73.9	73.7	74.3	74.3	72.6
Intangible assets	0.6	0.3	0.3	0.2	0.2	16.1	16.1	15.4
Goodwill	43.5	43.5	43.5	43.5	43.5	54.7	54.7	54.7
Total Assets	367.7	385.4	384.5	371.6	384.9	426.9	426.9	426.1
Current Liabilities:								
Current maturities of long-term loans								
Short term loan						7.5		4.7
Trade payables	19.8	20.7	22.7	14.7	13.9	13.9	13.9	13.2
Accrued expenses	49.2	50.4	46.2	43.1	45.5	51.9	51.9	50.5
Deferred revenues	24.4	30.5	26.8	33.2	33.1	34.5	34.5	32.0
Operating lease liabilities	1.8	1.9	2.0	1.9	2.1	2.4	2.4	2.6
Dividend payable							0.0	
Other current liabilities	13.3	22.3	28.0	14.4	15.7	16.4	16.4	18.9
Total Current Liabilities	108.5	125.8	125.7	107.2	110.4	126.6	126.6	121.9
Long term loan						2.0		2.0
Accrued severance pay	7.3	6.6	6.8	6.4	6.195	6.5	6.5	6.4
Long-term deferred revenues	1.2	1.0	0.3	1.5	1.1	1.1	1.1	0.9
Operating lease liabilities	2.3	1.9	1.6	1.3	1.4	3.0	3.0	2.5
Other Long-term liabilities	0.1	6.0	0.2	0.2	0.3	12.9	12.9	11.5
Total Liabilities	10.9	15.5	8.9	9.3	9.0	25.6	25.6	23.4
Total Shareholders' Equity	248.3	244.1	250.0	255.0	265.5	274.7	274.7	280.8
Total Liabilities and Shareholders' Equity	367.7	385.4	384.5	371.6	384.9	426.9	426.9	426.1
LIQUIDITY								
Current Ratio	1.8	1.7	1.7	2.0	2.0	1.9	1.9	2.0
Quick Ratio	1.0	0.9	0.9	1.0	1.1	1.1	1.1	1.0
Cash Ratio	0.8	0.7	0.7	0.8	0.9	0.8	0.8	0.9
MANAGEMENT								
Days Sales Outstanding	44	38	31	23	29	34	39	27
Inv. Turnover	5.1x	4.6x	3.5x	4.3x	4.1x	4.9x	4.2x	4.7x
Days Inventory Outstanding	72	79	105	86	89	74	87	77
Payables Days Outstanding	50	49	60	31	33	27	31	25
Cash Conversion Cycle	66	67	77	78	85	81	95	80
PROFITABILITY								
Return on Assets	-1%	-2%	6%	5%	11%	3%	6%	5%
Return on Equity	-1%	-2%	9%	7%	15%	5%	9%	7%
PER SHARE DATA								
Tangible Book Value	\$3.63	\$3.55	\$3.65	\$3.74	\$3.92	\$3.87	\$3.88	\$3.97
Cash and Marketable Securities	\$1.50	\$1.54	\$1.58	\$1.55	\$1.77	\$1.84	\$1.85	\$1.84

Gilat Satellite Networks

Income Statement

(Dollars in millions except per share amounts. EPS in dollars)

Total Revenue

y/y % growth

q/q % growth

COGS

Gross Profit GAAP

Gross Margin %

R&D

% of revenue

S&M

% of revenue

G&A

% of revenue

Total Operating Expenses GAAP

Operating Expenses % of Rev. GAAP

Operating Income GAAP

% Operating Margin GAAP

Net other income (expense)

Pretax Profit (GAAP)

Taxes (Benefit)

Effective Tax Rate

Net Income (GAAP)

EPS (GAAP)

Basic shares

Dilutes shares

Adjusted EBITDA

Adjusted EBITDA Margin %

Year-over-year percent change

Total Revenue

Gross Profit

SG&A

R&D

Total Operating Expenses

Operating Income

Pretax Profit

Net Income

EPS (GAAP)

EBITDA

VALUATION (PRICE TARGET: \$8.50)

			2024	2025
Price Target	\$8.50	EPS	\$0.30	\$0.35
Diluted shares	57.0	Cash-Adjusted P/E	22.5x	19.1x
Market cap.	\$485			
		EBITDA	\$42	\$52
Cash	104.1	EV / EBITDA	9.2x	7.5x
Debt	9.5			
Enterprise value	\$390	Revenue	\$314	\$339
		EV / Revenue	1.2x	1.2x

We maintain our PT of \$8.50, equivalent to an EV/Sales multiple of 1.2x our F25 estimate and an EV/EBITDA multiple of 7.5x our F25 estimate.

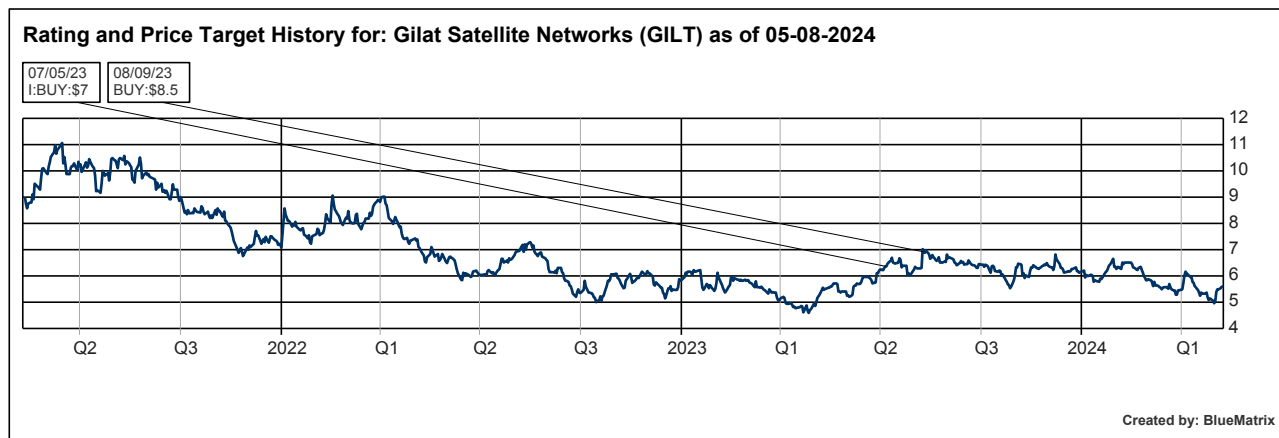
POTENTIAL UPSIDE DRIVERS

- Satellite connectivity and capacity growth accelerates, becoming a disruptive force across many communications industries.
- IFC market growth accelerates as high-performance WiFi becomes a competitive weapon among airlines.
- GILT gains share in the fast growing LEO satellite sector.
- Defense satellite spending among U.S. allies remains robust due to global conflicts.
- Profitability from its Peru terrestrial network continues to improve with expanded contracts.

RISKS TO TARGET

GILT

- GILT does not win meaningful share with LEO operators who meaningfully disrupt GEO and MEO operators.
- IFC market growth slows as airlines reduce capital investment due to difficult macro-economic conditions.
- Government spending on satellites declines.



ANALYST CERTIFICATION

I, Ryan Koontz hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company (ies) and its (their) securities. I, also certify that I, have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

RATINGS DISTRIBUTIONS FOR NEEDHAM & COMPANY, LLC

	% of companies under coverage with this rating	% for which investment banking services have been provided for in the past 12 months
Strong Buy	< 1	0
Buy	73	13
Hold	27	3
Underperform	< 1	0
Rating Suspended	0	0
Restricted	0	0

Needham & Company, LLC employs a rating system based on the following:

Strong Buy: A security, which at the time the rating is instituted, we expect to outperform the average total return of the broader market as well as the securities in the analyst’s coverage universe over the next 12 months.

Buy: A security, which at the time the rating is instituted, we expect to outperform the average total return of the broader market over the next 12 months.

Hold: A security, which at the time the rating is instituted, we expect to perform approximately in line with the average total return of the broader market over the next 12 months.

Underperform: A security, which at the time the rating is instituted, we expect to underperform the average total return of the broader market over the next 12 months.

Rating Suspended: We have suspended the rating and/or price target, if any, for this security, because there is not a sufficient fundamental basis for determining a rating or price target. The previous rating and price target, if any, are no longer in effect and should not be relied upon. This rating also includes the previous designation of "Under Review".

Restricted: Needham & Company, LLC policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Needham & Company, LLC’s engagement in an investment banking transaction and in certain other circumstances.

For disclosure purposes, in accordance with FINRA requirements, please note that our Strong Buy and Buy ratings most closely correspond to a "Buy" recommendation. When combined, 73% of companies under coverage would have a "Buy" rating and 13% have had investment banking services provided within the past 12 months. Hold ratings mostly correspond to a "Hold/Neutral" recommendation; while our Underperform rating closely corresponds to the "Sell" recommendation required by the FINRA.

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a security and its implied price appreciation may not correspond to the stated 12-month price target. For valuation methods used to determine our price targets and risks related to our price targets, please contact your Needham & Company, LLC salesperson for a copy of the most recent research report.

Price charts and rating histories for companies under coverage and discussed in this report are available at <http://www.needhamco.com/>. You may also request this information by writing to: Needham & Company, LLC, Attn: Compliance/Research, 250 Park Ave., New York, NY 10177

By issuing this research report, each Needham & Company, LLC analyst and associate whose name appears within this report hereby certifies that (i) the recommendations and opinions expressed in the research report accurately reflect the research analyst’s and associate’s personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst’s or associate’s compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst or associate in the research report.

DISCLOSURES

The Firm and/or its affiliate have received compensation for investment banking services from the subject company Gilat Satellite Networks in the past 12 months.

The subject company Gilat Satellite Networks currently is or during the 12-month period preceding the date of distribution of this research was a client of the Firm and received investment banking services.

The research analyst and research associate have received compensation based upon various factors, including quality of research, investor client feedback, and the Firm’s overall revenues, which includes investment banking revenues for the following: Gilat Satellite Networks

The Firm, at the time of publication, makes a market in the subject company Gilat Satellite Networks .

This report is for informational purposes only and does not constitute a solicitation or an offer to buy or sell any securities mentioned herein. Information contained in this report has been obtained from sources believed to be reliable, but Needham & Company, LLC makes no representation as to its accuracy or completeness, except with respect to the Disclosure Section of the report. Any opinions expressed herein reflect our judgment as of the date of the materials and are subject to change without notice. The securities discussed in this report may not be suitable for all investors and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. Investors must make their own investment decisions based on their financial situations and investment objectives. The value of income from your investment may vary because of changes in interest rates, changes in the financial and operational conditions of the

companies and other factors. Investors should be aware that the market price of securities discussed in this report may be volatile. Due to industry, company and overall market risk and volatility, at the securities current price, our investment rating may not correspond to the stated price target. Additional information regarding the securities mentioned in this report is available upon request.
© Copyright 2024, Needham & Company, LLC, Member FINRA, SIPC.