

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

	Six months ended		Three months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
Revenues	\$ 152,709	\$ 126,551	\$ 76,631	\$ 67,589
Cost of revenues	98,082	76,330	50,058	42,053
Gross profit	54,627	50,221	26,573	25,536
Research and development expenses, net	18,547	19,003	9,228	9,384
Selling and marketing expenses	14,109	11,941	7,032	5,932
General and administrative expenses	14,514	9,155	6,437	4,724
Other operating expenses (income), net	(725)	(2,340)	1,085	47
Total operating expenses	46,445	37,759	23,782	20,087
Operating income	8,182	12,462	2,791	5,449
Financial income (expenses), net	779	(735)	266	(586)
Income before taxes on income	8,961	11,727	3,057	4,863
Taxes on income	(2,695)	(1,822)	(1,755)	(538)
Net income	\$ 6,266	\$ 9,905	\$ 1,302	\$ 4,325
Earnings per share (basic and diluted)	₪ 0.11	₪ 0.17	₪ 0.02	₪ 0.08
Weighted average number of shares used in computing earnings per share				
Basic	57,016,808	56,615,714	57,017,032	56,617,943
Diluted	57,016,808	56,622,204	57,017,032	56,620,977

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, 2024			Three months ended June 30, 2023		
	GAAP	Adjustments (*)	Non-GAAP	GAAP	Adjustments (*)	Non-GAAP
	Unaudited			Unaudited		
Gross profit	\$ 26,573	\$ 1,617	\$ 28,190	\$ 25,536	\$ 95	\$ 25,631
Operating expenses	23,782	(2,914)	20,868	20,087	(513)	19,574
Operating income	2,791	4,531	7,322	5,449	608	6,057
Income before taxes on income	3,057	4,531	7,588	4,863	608	5,471
Net income	<u>\$ 1,302</u>	<u>\$ 4,253</u>	<u>\$ 5,555</u>	<u>\$ 4,325</u>	<u>\$ 608</u>	<u>\$ 4,933</u>
Earnings per share (basic and diluted)	<u>\$ 0.02</u>	<u>\$ 0.08</u>	<u>\$ 0.10</u>	<u>\$ 0.08</u>	<u>\$ 0.01</u>	<u>\$ 0.09</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>57,017,032</u>		<u>57,017,032</u>	<u>56,617,943</u>		<u>56,617,943</u>
Diluted	<u>57,017,032</u>		<u>57,017,032</u>	<u>56,620,977</u>		<u>56,620,977</u>

(*) Adjustments reflect the effect of stock-based compensation expenses as per ASC 718, amortization of purchased intangibles, other operating expenses, net, other non-recurring expenses, other integration expenses and income tax effect on such adjustments which is calculated using the relevant effective tax rate.

	Three months ended June 30, 2024	Three months ended June 30, 2023
	Unaudited	Unaudited
GAAP net income	\$ 1,302	\$ 4,325
Gross profit		
Stock-based compensation expenses	150	95
Amortization of purchased intangibles	920	-
Other non-recurring expenses	466	-
Other integration expenses	81	-
	<u>1,617</u>	<u>95</u>
Operating expenses		
Stock-based compensation expenses	705	417
Stock-based compensation expenses related to business combination	842	-
Amortization of purchased intangibles	267	49
Other operating expenses, net	1,085	47
Other integration expenses	15	-
	<u>2,914</u>	<u>513</u>
Taxes on income	(278)	-
Non-GAAP net income	<u>\$ 5,555</u>	<u>\$ 4,933</u>

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)

	Six months ended June 30, 2024			Six months ended June 30, 2023		
	GAAP	Adjustments (*) Unaudited	Non-GAAP	GAAP	Adjustments (*) Unaudited	Non-GAAP
Gross profit	\$ 54,627	\$ 2,343	\$ 56,970	\$ 50,221	\$ 170	\$ 50,391
Operating expenses	46,445	(3,413)	43,032	37,759	1,296	39,055
Operating income	8,182	5,756	13,938	12,462	(1,126)	11,336
Income before taxes on income	8,961	5,756	14,717	11,727	(1,126)	10,601
Net income	<u>\$ 6,266</u>	<u>\$ 5,303</u>	<u>\$ 11,569</u>	<u>\$ 9,905</u>	<u>\$ (1,126)</u>	<u>\$ 8,779</u>
Earnings per share (basic and diluted)	<u>\$ 0.11</u>	<u>\$ 0.09</u>	<u>\$ 0.20</u>	<u>\$ 0.17</u>	<u>\$ (0.01)</u>	<u>\$ 0.16</u>
Weighted average number of shares used in computing earnings per share						
Basic	<u>57,016,808</u>		<u>57,016,808</u>	<u>56,615,714</u>		<u>56,615,714</u>
Diluted	<u>57,016,808</u>		<u>57,062,883</u>	<u>56,622,204</u>		<u>56,622,204</u>

(*) Adjustments reflect the effect of stock-based compensation expenses as per ASC 718, amortization of purchased intangibles, other operating income, net, other non-recurring expenses, other integration expenses and income tax effect on such adjustments which is calculated using the relevant effective tax rate.

	Six months ended June 30, 2024 Unaudited	Six months ended June 30, 2023 Unaudited
GAAP net income	\$ 6,266	\$ 9,905
Gross profit		
Stock-based compensation expenses	300	170
Amortization of purchased intangibles	1,427	-
Other non-recurring expenses	466	-
Other integration expenses	150	-
	<u>2,343</u>	<u>170</u>
Operating expenses		
Stock-based compensation expenses	1,422	944
Stock-based compensation expenses related to business combination	2,166	-
Amortization of purchased intangibles	524	100
Other operating income, net	(725)	(2,340)
Other integration expenses	26	-
	<u>3,413</u>	<u>(1,296)</u>
Taxes on income	<u>(453)</u>	<u>-</u>
Non-GAAP net income	<u>\$ 11,569</u>	<u>\$ 8,779</u>

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

ADJUSTED EBITDA:

	Six months ended		Three months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
GAAP net income	\$ 6,266	\$ 9,905	\$ 1,302	\$ 4,325
Adjustments:				
Financial expenses (income), net	(779)	735	(266)	586
Taxes on income	2,695	1,822	1,755	538
Stock-based compensation expenses	1,722	1,114	855	512
Stock-based compensation expenses related to business combination	2,166	-	842	-
Depreciation and amortization (*)	7,443	6,335	3,963	3,172
Other operating expenses (income), net	(725)	(2,340)	1,085	47
Other non-recurring expenses	466	-	466	-
Other integration expenses	176	-	96	-
Adjusted EBITDA	<u>\$ 19,430</u>	<u>\$ 17,571</u>	<u>\$ 10,098</u>	<u>\$ 9,180</u>

(*) Including amortization of lease incentive

SEGMENT REVENUES:

	Six months ended		Three months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
Satellite Networks	\$ 97,378	\$ 74,273	\$ 50,605	\$ 40,727
Integrated Solutions	24,619	25,619	12,969	12,700
Network Infrastructure and Services	30,712	26,659	13,057	14,162
Total revenues	<u>\$ 152,709</u>	<u>\$ 126,551</u>	<u>\$ 76,631</u>	<u>\$ 67,589</u>

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

	June 30, 2024	December 31, 2023
	Unaudited	Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 93,667	\$ 103,961
Restricted cash	1,030	736
Trade receivables, net	62,217	44,725
Contract assets	26,041	28,327
Inventories	36,774	38,525
Other current assets	20,016	24,299
Total current assets	239,745	240,573
LONG-TERM ASSETS:		
Restricted cash	54	54
Long-term contract assets	8,587	9,283
Severance pay funds	5,607	5,737
Deferred taxes	9,760	11,484
Operating lease right-of-use assets	4,910	5,105
Other long-term assets	8,120	9,544
Total long-term assets	37,038	41,207
PROPERTY AND EQUIPMENT, NET	71,168	74,315
INTANGIBLE ASSETS, NET	14,238	16,051
GOODWILL	54,740	54,740
<u>TOTAL ASSETS</u>	<u>\$ 416,929</u>	<u>\$ 426,886</u>

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

	June 30, 2024	December 31, 2023
	Unaudited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 129	\$ 7,453
Trade payables	17,585	13,873
Accrued expenses	48,621	51,906
Advances from customers and deferred revenues	25,188	34,495
Operating lease liabilities	2,622	2,426
Other current liabilities	18,079	16,431
Total current liabilities	112,224	126,584
LONG-TERM LIABILITIES:		
Long-term loan	2,000	2,000
Accrued severance pay	6,467	6,537
Long-term advances from customers and deferred revenues	912	1,139
Operating lease liabilities	2,430	3,022
Other long-term liabilities	10,141	12,916
Total long-term liabilities	21,950	25,614
SHAREHOLDERS' EQUITY:		
Share capital - ordinary shares of NIS 0.2 par value	2,733	2,733
Additional paid-in capital	940,520	937,591
Accumulated other comprehensive loss	(6,443)	(5,315)
Accumulated deficit	(654,055)	(660,321)
Total shareholders' equity	282,755	274,688
<u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>\$ 416,929</u>	<u>\$ 426,886</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,	
	2024	2023	2024	2023
	Unaudited		Unaudited	
Cash flows from operating activities:				
Net income	\$ 6,266	\$ 9,905	\$ 1,302	\$ 4,325
Adjustments required to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	7,333	6,222	3,908	3,115
Stock-based compensation *)	3,888	1,114	1,697	512
Accrued severance pay, net	60	196	115	(101)
Deferred taxes, net	1,724	1,820	1,273	694
Decrease (increase) in trade receivables, net	(17,734)	9,398	(8,937)	2,907
Decrease (increase) in contract assets	2,982	8,378	(3,266)	3,461
Decrease in other assets and other adjustments (including short-term, long-term and effect of exchange rate changes on cash and cash equivalents)	5,512	243	2,005	3,010
Decrease (increase) in inventories, net	974	(7,895)	4,167	(272)
Increase (decrease) in trade payables	3,579	(4,240)	4,245	(6,229)
Decrease in accrued expenses	(2,229)	(5,039)	(989)	(2,840)
Increase (decrease) in advances from customers and deferred revenues	(9,486)	3,124	(6,732)	7,593
Decrease in other liabilities	(2,177)	(15,009)	(2,316)	(14,161)
Net cash provided by (used in) operating activities	692	8,217	(3,528)	2,014
Cash flows from investing activities:				
Purchase of property and equipment	(2,650)	(6,556)	(1,857)	(3,524)
Net cash used in investing activities	(2,650)	(6,556)	(1,857)	(3,524)
Cash flows from financing activities:				
Repayment of credit facility, net	(7,453)	-	(4,709)	-
Repayments of short-term debts	(1,340)	-	(1,340)	-
Proceeds from short-term debts	1,469	-	1,469	-
Net cash used in financing activities	(7,324)	-	(4,580)	-
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(718)	(1,010)	(450)	(433)
Increase (decrease) in cash, cash equivalents and restricted cash	(10,000)	651	(10,415)	(1,943)
Cash, cash equivalents and restricted cash at the beginning of the period	104,751	87,145	105,166	89,739
Cash, cash equivalents and restricted cash at the end of the period	\$ 94,751	\$ 87,796	\$ 94,751	\$ 87,796

*) Stock-based compensation including expenses related to business combination in the amounts of \$2,166 and \$842 for the six months and three months ended June 30, 2024, respectively.